



JOY SPREADER

樂享集團

JOY SPREADER GROUP INC.

樂享集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6988

2025

ANNUAL REPORT



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. Li Chenji (李辰霽)
Mr. Fang Hongwei (房宏偉)
Mr. Huang Boyang (黃博揚)

AUDIT COMMITTEE

Mr. Li Chenji (李辰霽) *(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)*
Mr. Fang Hongwei (房宏偉)
Ms. Qin Jiaxin (秦佳鑫)

AUTHORISED REPRESENTATIVES

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

REGISTERED OFFICE

Vistra (Cayman) Limited
P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road, Grand Cayman
KY1 1205, 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

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower, The Landmark
11 Pedder Street, Central
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
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

CHAIRMAN'S STATEMENT

Dear Shareholders,

Looking back on 2025, the deep integration of the digital economy and AI (artificial intelligence) has brought about a fundamental transformation of the precision marketing ecosystem. Downstream traffic platforms (including Douyin and WeChat) have become fully AI-enabled, accelerating industry reshuffle and placing substantial pressure on the Group's traditional businesses. Transformation became the only viable path to adapt to industry changes and prevent a continuous decline in performance. Against the rapidly evolving market landscape, the Group proactively embraced underlying technological advancement and comprehensively upgraded its business logic from traditional user tagging and traffic matching to the deep integration of three core technological systems: AI intelligent marketing Agent, GEO (Generative Engine Optimization, which, in general terms, optimizes the exposure weight of content in AI retrieval to capture traffic entry points in the AI era) and AIGC multi-modal content generation.

The Group has completed the construction of proprietary computing power and the establishment of an AI marketing model knowledge base. It has also conducted large-scale vertical domain model training for core business scenarios including domestic and overseas AI marketing and digital assets. By breaking away from the traditional algorithmic reliance on historical data, the Group has built a competitive edge centred on AI marketing technology, fully realising the strategic upgrade from being "algorithm-driven" to "vertical AI marketing model and generative technology-driven", which laid a solid foundation for future revenue growth and profitability.

CHANGES IN TRAFFIC PLATFORM RULES AND TECHNOLOGICAL TRANSFORMATION

The Group has keenly recognised the fundamental changes to marketing rules on downstream traffic platforms (including Douyin and WeChat). The platform tagging system has fully shifted from a "static file-based" model to "dynamic plus multi-modal real-time capture". AI has fully taken over crowd targeting and creative optimisation. The "manual tagging/basic algorithm" model adopted by traditional agencies has completely lost competitiveness, and entities failing to transform in a timely manner will be rapidly eliminated from the industry. Against this backdrop, the Group resolved to advance technological transformation, fully adapt to the platform's AI ecosystem and seize the first-mover advantage in the industry transition.

Based on the above industry changes and its organic development needs, the Group has completed three core technological transformations to fully align with the platform's AI ecosystem and establish differentiated competitive advantages, as detailed below:

1. Comprehensively upgraded AI marketing algorithms to adapt to new platform rules (key achievement: delivery effectiveness restored to optimal levels, supporting performance improvement)

Adopting the strategy of "open-source foundation plus proprietary marketing data for training vertical models", the Group carried out full-process AI transformation of its own marketing platform, automating dynamic multi-modal tag matching, intelligent placement, cross-domain collaborative optimisation and real-time performance tracking. Such transformation fully complies with the platform's AI advertising rules, restored delivery performance to the optimal range, effectively improved the conversion rates of customers' advertisement, reduced marketing costs and provided core support for the Group's performance improvement.

2. Reconstructed the AIGC content production system to enable computing-power-driven creation

The Group independently developed an AIGC engine compatible with mainstream traffic platforms, enabling second-level batch generation of promotional copies, short video materials, short drama promotional content and creative ideas. Content production has been fully upgraded from "labour-driven" to "computing-power-driven", achieving exponential efficiency improvement compared with traditional manual creation and significantly reducing content production costs. It fully supports large-scale, high-efficiency and high-quality content supply under the platform AI ecosystem, providing core technological support for incremental segments such as short dramas and trendy toys.

3. Established GEO capabilities to capture traffic entry points in the AI era (key advantage: hard to replicate by peers, forming technological barriers)

The Group took a forward-looking approach in deploying GEO technology, different from the industry's general focus on AIGC content production. GEO represents the core competition for traffic entry points in the AI era. Through its proprietary technical framework, the Group can effectively optimise the weight and credibility of customers' content in AI-generated results, assisting customers in securing dominant traffic positions in the AI dialogue era. Together with AIGC technology, it forms a dual-core technological barrier, further extended into a triple barrier of "AI Marketing + AIGC + GEO" which is difficult for peers to replicate, providing unique competitive advantages for incremental businesses including short dramas, trendy toys and brand marketing.

Through this technological transformation, the Group has fully upgraded from traditional algorithmic delivery to AI-powered full-domain intelligent marketing. It has truly reconstructed its technological foundation, and realised AI-empowered business logic and intelligent content production, becoming one of the first marketing technology groups in the industry to complete AI adaptation. This has not only avoided the risk of elimination of traditional businesses but also strengthened its technological foundation for capturing high-growth segments and achieving profit growth, significantly enhancing long-term competitiveness.

CHAIRMAN'S STATEMENT

SYNERGY OF THREE CORE TECHNOLOGIES AND CORE BARRIERS

The Group has not only upgraded its underlying AI capabilities but also strategically deployed GEO technology ahead of the market, representing its core differentiated advantage over peers. At present, search engines and various traffic entry points are fully transitioning to generative AI, and traditional traffic operation models can no longer adapt to the new environment. GEO technology is the key support for the Group to capture the next-generation core traffic segment and build long-term competitive strengths, bringing sustained technological benefits to shareholders.

1. GEO technology: Securing dominant traffic positions for customers in the AI era and enhancing the Group's business competitiveness

As traffic entry points shift to generative AI, players controlling exposure weight in AI retrieval will gain industry initiative. Through its proprietary technical framework, the Group effectively optimises the mention weight and credibility of customers' brand content in AI retrieval, helping customers firmly occupy dominant traffic positions in the AI dialogue era, thereby improving customer stickiness and business revenue and creating greater value for shareholders.

2. AIGC multi-modal capabilities: Supporting cross-business synergy and unlocking incremental profit potential

The Group has built a full-scenario content generation system covering text, images, videos, scripts and virtual humans, with real-time cross-lingual and cross-cultural content production capacity. It not only provides support for domestic short drama and full-domain marketing businesses but also provides robust technical support for overseas operations (short drama globalization, non-3C product promotion) and digital asset operations, enabling cross-business synergy and greater incremental profit potential.

3. AI intelligent marketing system: Achieving precise conversion and securing business profitability

The Group has built a comprehensive AI marketing system featuring full-domain user profiling, intelligent delivery optimisation, real-time performance tracking and dynamic iterative review. It enables precise reach to target users, efficiently improves conversion efficiency, optimises marketing costs and delivers measurable and traceable performance. It maintains technological alignment and leadership amid the industry-wide AI transformation, effectively securing the Group's business profitability.

Supported by its leading "AIGC + GEO" technological portfolio and a comprehensive AI intelligent marketing system, the Group has proactively adjusted its upstream customer structure, realised the strategic migration of its business focus towards high-growth and high-margin segments and established technological barriers difficult for peers to replicate, providing solid support for long-term profit growth.

BUSINESS LAYOUT AND INCREMENTAL BREAKTHROUGHS

Faced with evolving market conditions, the Group decisively adjusted resource allocation and adhered to the strategy of “stabilising existing business, achieving incremental breakthroughs”, ensuring short-term cash flow stability while fully tapping long-term growth potential. Specific business layouts (all implemented with initial results) are as follows:

1. **AI Marketing (formerly domestic algorithm-based marketing business): Stabilising cash flows from existing business, expanding profits from incremental business (future core profit growth driver)**

Existing business: Mature businesses such as marketing agency and advertising top-up agency have been maintained to stably serve traditional customers and secure the Group's core cash flows, providing support for technology R&D and investment in incremental business.

Incremental business: The Group focuses on two high-growth segments, namely short dramas and trendy toys (with rapid industry growth and high profitability). Backed by GEO and AIGC technologies to capture traffic benefits, it has achieved improvements in both marketing efficiency and conversion rates. The Group will continue to increase investment and expect it to become a core profit growth driver and drive sustained performance improvement of the Group.

2. **AI Overseas Marketing (formerly overseas E-commerce business): Asset-light model to reduce risks, expanding increment in Southeast Asia (low risk and high potential)**

The Group uses AI models to fully empower cross-border business and advance light-asset transformation (reducing operational risks and improving profitability). Backed by the MARTOP platform and AI technologies, it focuses on short drama globalization and high-margin non-3C product promotion. To date, the MARTOP platform has already generated commission income. The Group is prioritising growth potential in emerging markets including Southeast Asia (with rising internet penetration and strong consumer demand) and will gradually expand business scale to deliver stable incremental revenue.

3. **Culture business: Developing new profitable segments, supported by central state-owned enterprise (SOE) and empowered by technology (with favourable policies)**

Benefiting from the national digital culture strategy, the Group will continue to deepen strategic collaboration with Poly Joy Spreader Digi-Entertainment, a mixed-ownership reform company of a central SOE. It has launched the “Kong Jian” (空兼) digital asset platform and realised commercial operation. Meanwhile, it is actively deploying short drama and film and television investment, AIGC content production, MCN and talent agency, and cultural-tourism integration, forming a dual-engine model of “technological empowerment + resource support” to develop new profitable segments and inject new impetus into long-term growth.

CHAIRMAN'S STATEMENT

4. The Groups' full-domain operation and management upgrade solution centred on the Open Claw agent

The Group will fully benchmark the intelligent transformation experience of industry-leading companies. With the **Open Claw agent** as its technological core and digital foundation, it will implement a systematic upgrade covering the full business chain, all operational processes and all management dimensions to build a new-generation intelligent operation and management system that is technologically leading, autonomously collaborative, efficient and lean. The Group's investment in Token-related expenses has become a material component of its R&D expenses.

OUTLOOK

Going forward, the Group will continue to take "precision marketing" as the Company's inherent gene and mission, employ AI technology as its core engine, deepen the synergy of three core technologies and focus on four high-growth segments: short dramas, trendy toys, Southeast Asian overseas business and culture business. It will steadily promote technology implementation and business expansion. Based on current transformation progress and industry trends, the Group expects its performance losses to continue narrowing and gradually turn profitable. In the long run, relying on irreplicable technological barriers, resource support of a central SOE, and layout in high-growth segments, the Group is poised to establish a leading position in the AI marketing sector, continuously improve profitability and deliver sustainable and stable investment returns to shareholders. Meanwhile, the Group will address the pressure of temporary stagnation in revenue scale in the short term, take transformation as an opportunity to consolidate its business foundation and gather strength for long-term growth.

Mr. Zhu Zinan

Chairman and Chief Executive Officer

FINANCIAL HIGHLIGHTS

The audited consolidated annual results of the Group for the year ended December 31, 2025 together with comparative figures for the corresponding period in 2024 are as follows:

FINANCIAL RESULTS HIGHLIGHTS

	For the year ended December 31,		Year-on-year
	2025	2024	changes Increase/(Decrease)
	<i>(HK\$ in millions, except for percentages)</i>		
Revenue	11.68	113.11	(89.69)%
Gross profit	5.21	1.05	396.19%
Loss for the year attributable to owners of the Company	(161.92)	(1,068.48)	(84.85)%
Net loss margin	(1,386.30)%	(942.97)%	(443.33) ⁽¹⁾
Loss per Share			
– Basic (HK cents)	(6.83)	(45.05)	(84.84)%
– Diluted (HK cents)	(6.83)	(45.05)	(84.84)%

Note:

(1) Changes in percentage points.

FINANCIAL HIGHLIGHTS

Highlights of the Group's operational results for the year ended December 31, 2025, together with comparative figures for the corresponding period in 2024, are as follows:

OPERATIONAL RESULTS HIGHLIGHTS

	As of December 31 or for the year ended		Year-on-year changes Increase/(Decrease)
	December 31, 2025	2024	
AI marketing business (formerly Algorithm-based marketing business)			
GMV of domestic short video platform			
E-commerce marketing (HK\$ million)	–	22.04	(100)%
Number of paid actions of interactive entertainment products marketing ⁽¹⁾ ('000)	–	24,242	(100)%
Average revenue per paid action (HK\$)	–	2.46	(100)%
AI overseas marketing business (formerly Overseas sales of E-commerce goods business)			
Sales (HK\$ million)	3.38	32.80	(89.70)%
Culture business			
Sales (HK\$ million)	5.56	2.50	122.40%

Note:

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

FIVE YEAR FINANCIAL SUMMARY

A summary of selected items of the results and of the assets, liabilities and equity of the Group for the last five financial years is set out below.

HK\$'000	Year ended December 31,				
	2025	2024	2023	2022	2021
Revenue	11,684	113,313	5,083,992	3,724,806	1,395,894
Gross profit	5,206	1,049	459,573	436,964	451,853
(Loss) profit before tax	(165,795)	(1,107,251)	(793,102)	(331,888)	241,720
(Loss) profit for the year	(165,807)	(1,107,321)	(793,243)	(339,120)	244,642
(Loss) profit for the year attributable to owners of the Company	(161,917)	(1,068,481)	(784,166)	(339,450)	244,642
Total comprehensive (expense) income for the year	(153,593)	(1,159,689)	(844,492)	(570,215)	309,269
Total comprehensive (expense) income for the year attributable to owners of the Company	(151,681)	(1,119,518)	(835,656)	(570,545)	309,269

HK\$'000	As at December 31,				
	2025	2024	2023	2022	2021
Non-current assets	81,202	94,839	160,856	423,088	155,621
Current assets	273,151	727,391	1,707,921	2,375,233	2,304,654
Current liabilities	87,203	390,567	220,236	309,740	138,322
Non-current liabilities	1,386	12,503	72,454	74,300	3,724
Total equity	265,764	419,160	1,576,087	2,414,281	2,318,229

CORPORATE PROFILE

- **OVERVIEW**

- I. BUSINESS INTRODUCTION**

Based on more than ten years of technological accumulation, with massive marketing data processing capabilities and algorithm model research and development capabilities as the foundation, combined with advanced AI large models, the Group has continuously invested in the research and development of proprietary computing power, a proprietary AI model knowledge base, and proprietary AI vertical models, fully accomplished the strategic upgrade from being “algorithm-driven” to “vertical AI marketing model and generative technology-driven”.

On this basis, the Group focuses on the collaborative development of three core business segments: The AI marketing segment, as the core source of revenue, covers the two original existing businesses of marketing agency and advertising top-up agency, as well as two emerging track businesses of short drama distribution and trendy toy precision marketing. With the deep integration of three core technological systems: AI intelligent marketing, GEO (Generative Engine Optimization) and AIGC multi-modal content generation, and the completion of proprietary computing power construction and the establishment of AI marketing model knowledge base, it provides customers with precise and customized information promotion services. The AI overseas marketing segment focuses on the core market of Southeast Asia. Relying on the self-built E-commerce platform MARTOP and AI intelligent marketing Agent, it builds a full-link overseas traffic marketing ecosystem under an asset-light model, focusing on the overseas expansion of short dramas and the overseas promotion of high-margin non-3C products. Relying on Poly Joy Spreader Digi-Entertainment (Beijing) Co., Ltd. (“**Poly Digi-Entertainment**”), a mixed-ownership reform company jointly established with a central state-owned enterprise (SOE), the culture business segment focuses on core areas such as the investment of presentation shares in short dramas and film and television, AI digital asset authentication, AIGC content production, MCN (Multi-Channel Network) and artist agency, and culture and tourism integration, to promote the digital upgrading of the cultural industry.

The three business segments are highly collaborative. The core technological capabilities of AI marketing empower the expansion of overseas business, and the AIGC content production capabilities run through short drama distribution and the culture business, jointly building the Group’s differentiated competitive advantages.

- 1. AI Marketing Segment (formerly domestic algorithm-based marketing business)**

As the core revenue pillar of the Group, the AI marketing segment integrates the original existing business and emerging track business. Since the second half of 2024, the platform AI upgrade was initiated, and the AI adaptation and upgrade of the proprietary platform was completed in 2025. It accurately connects with the AI-based operation rules of mainstream platforms, achieving the dual-wheel drive of “maintaining existing stability + incremental breakthroughs”.

(1) Existing Business: Marketing Agency and Advertising Top-up Agency

Marketing Agency: The Group's traditional core performance-based marketing business relies on self-developed algorithms and data labeling capabilities to build precise marketing bridges for traditional existing customers such as games and online literature. In response to industry changes such as platform AI algorithm automation and full-link advertising placement, the iteration and upgrade of the proprietary platform's AI algorithms and data label system have been completed, adapting to new requirements such as dynamic + multi-modal labels and AI global collaborative placement. After the upgrade, it continues to serve traditional existing customers, while adding traffic channels other than ByteDance and Tencent, providing services including traffic optimization and placement strategy and planning.

Advertising Top-up Agency: This is an adaptive business adjustment aimed at traditional existing customers, not a completely newly expanded business. Relying on long-term and stable cooperative relationships with mainstream traffic platforms such as Douyin and Tencent, as well as a mature fund settlement and account management system, it provides customers with convenient and compliant advertising account top-ups and supporting basic operation services. It maintains customer stickiness and stabilizes the basic business fundamentals under an asset-light model. At present, the AI upgrade of the proprietary platform's fund management and account docking modules has been completed, significantly improving service efficiency and compliance.

(2) Emerging Business Track: Short Drama Distribution and Precision Marketing for Trendy Toy

The Group focuses on two high-growth tracks: short dramas and trendy toys. Empowered by GEO and AIGC technologies, the Group fully unlocks traffic value and achieves synchronous improvement in marketing efficiency and conversion rates.

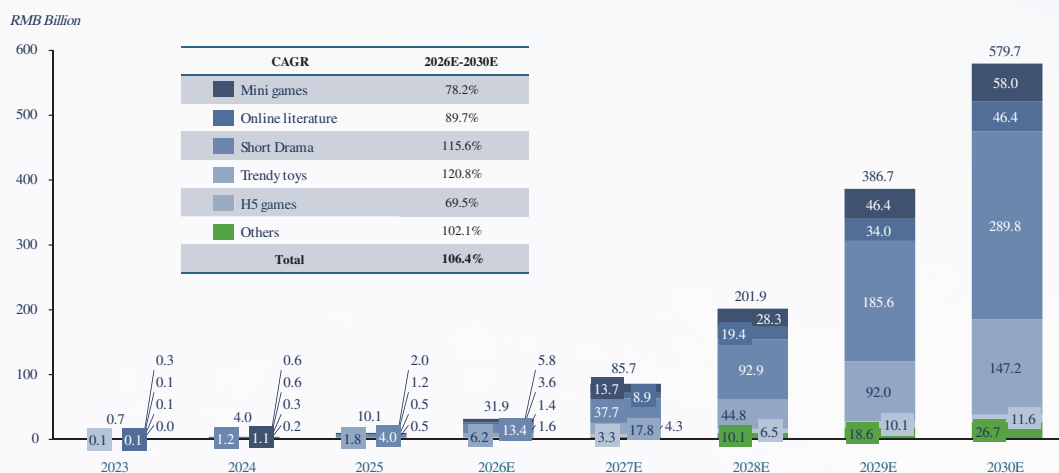
Short Drama Distribution: As the key incremental core business expanded by the Group in 2025, facing brand new customer groups such as short drama production institutions, it relies on AI technology to carry out distribution and short drama platform traffic placement services for AIGC (artificial intelligence generated content), live-action dramas/comic dramas. It has reached cooperation intentions or signed agreements with film and television production companies under the Poly-affiliated companies — Poly Digi-Entertainment, an enterprise invested by the Group — Yingyi Vision, a subsidiary of Taimei Toys Group (泰美玩具集團) – TEAMMI, and a well-known South Korean IP (intellectual property) animation company — Star Entertainment, etc. They jointly produce various types of short and medium dramas, distribute and promote them and place traffic through platforms such as Douyin, and recognize revenue based on real-time placement effects. The core sources of profit are distribution income and traffic placement service fees.

CORPORATE PROFILE

Precision Marketing for Trendy Toy: An AI-driven service created for brand new customer groups in the trendy toy industry. It focuses on the consumption preferences of Generation Z, and through AI user portrait analysis, dynamic multi-modal label matching, and customized AIGC content generation, it provides trendy toy customers with services such as new product promotion, precise traffic placement, circle marketing, and live broadcast auxiliary promotion. Relying on core algorithms to achieve the precise reach of advertising content, it significantly improves exposure, click-through rates, and conversion efficiency.

According to Frost & Sullivan, driven by the increasing adoption of AI technologies across content generation, intelligent delivery and traffic conversion, China's AI marketing market has expanded rapidly in recent years. The market size increased from RMB0.7 billion in 2023 to RMB10.1 billion in 2025, and is expected to further increase from RMB31.9 billion in 2026 to RMB579.7 billion in 2030, representing a CAGR of 106.4% during the forecast period. Among the major downstream segments, trendy toys and short drama are expected to record the fastest growth, with their market sizes increasing from RMB1.8 billion and RMB0.5 billion in 2025 to RMB289.8 billion and RMB147.2 billion in 2030, respectively, representing CAGRs of 120.8% and 115.6%, respectively, during the same period.

Market Size of AI Marketing (by Revenue), China, 2021-2030E



Source: Frost & Sullivan

According to Frost & Sullivan, the AI marketing market is evolving rapidly as industry participants increasingly upgrade from traditional algorithm-based operations toward AI-driven, vertical-model-based and generative-technology-enabled solutions. Growth in this market is being supported by the continued expansion of high-growth application scenarios such as short-drama distribution and precision marketing for trendy toys, as well as rising demand for more efficient content production, smarter campaign optimisation and stronger conversion capabilities. Having completed the buildout of its self-owned computing capacity and AI marketing model knowledge base and having achieved a strategic upgrade from “algorithm-driven” to “vertical AI marketing model- and generative technology-driven” operations, the Company is positioned as a Tier 1 participant in the AI marketing market.

Competitive Landscape of the AI Marketing Market, China, 2025



Source: Frost & Sullivan

2. AI Overseas Marketing Segment (formerly overseas E-commerce business)

At the end of 2023, the Group initiated a strategic business adjustment to further define its transformation direction and adopted a technology-driven, asset-light service model. In 2024, the focus was on the self-built E-commerce platform MARTOP as the core transaction negotiation platform. By providing transaction leads and continuously utilizing overseas short video platforms for accurate traffic diversion, the optimization and upgrading of the transaction model were achieved. 2025 is a technical transition period, continuously advancing the expansion and layout of overseas core traffic channels, completing interface docking and resource cooperation implementation with mainstream overseas platforms. Focusing on the self-built E-commerce platform MARTOP as the core transaction negotiation platform, it achieves the upgrade of the transaction model by providing transaction leads and precise traffic diversion from overseas short video platforms. It stopped the asset-heavy trade procurement inventory model for 3C products and shifted to a profitability model based on charging service fees based on transaction volume. This effectively mitigates inventory impairment risks, while expanding platform's SKUs, enriching the product supply chain, and consolidating the market share in Southeast Asia.

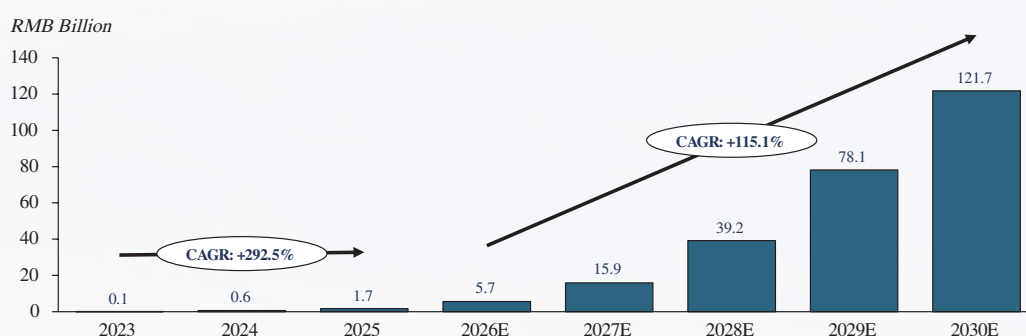
Business Transformation and Platform Upgrade: Focusing on the core market of Southeast Asia, relying on independently trained AI intelligent marketing Agent and localized user consumption big data, it creates a one-stop AI global overseas intelligent promotion platform, building a lightweight, efficient, and scalable overseas operation system. The platform has deeply integrated with global mainstream traffic platforms such as TikTok, YouTube, Meta, X, and Amazon, as well as local social and content channels in Southeast Asia, forming a full-link marketing ecosystem covering public domain dissemination, social media seeding, topic detonation, traffic receiving, and effect conversion.

Future Planning: At the current stage, customer development is still in the initial stage. In 2026 and beyond, relying on the localized data and traffic operation capabilities accumulated by the platform, the key layout will be short drama overseas expansion. At the same time, it will expand the overseas promotion services for high-margin non-3C online products. Leveraging the advantages of AI technology in content output and precise placement, it will provide low-cost, high-adaptation intelligent marketing solutions, and unlock incremental value in the Southeast Asian market.

CORPORATE PROFILE

According to Frost & Sullivan, Driven by the continued expansion of Southeast Asia’s digital economy, the rapid development of e-commerce, rising digital traffic and online consumer engagement, and the ongoing shift of advertising budgets toward performance-oriented channels, Southeast Asia’s AI marketing market is expected to maintain rapid growth during the forecast period. At the same time, the increasing adoption of AI-enabled solutions across content generation, intelligent delivery, traffic conversion and marketing optimisation is expected to further accelerate market expansion. Against this backdrop, the market size is expected to increase from RMB5.7 billion in 2026 to RMB121.7 billion in 2030, representing a CAGR of 115.1% during the same period.

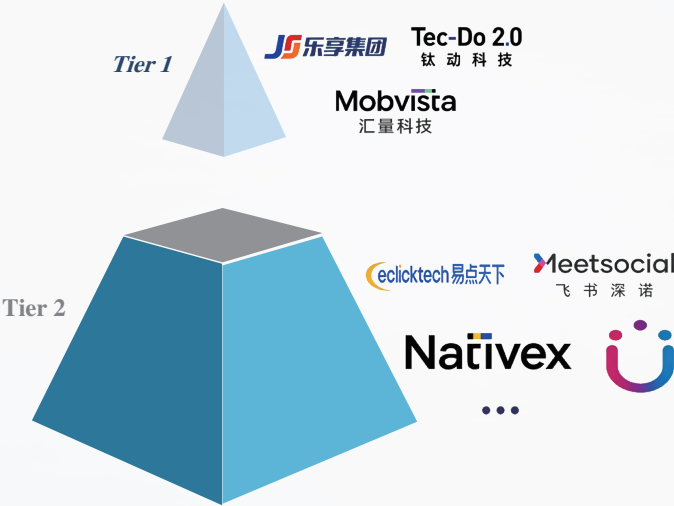
Market Size of AI Marketing (by Revenue), SEA, 2021-2030E



Source: Frost & Sullivan

According to Frost & Sullivan, the AI overseas marketing market is entering a new phase of development driven by the shift toward light-asset operating models, the continued growth of Southeast Asia as a key digital consumption market, and rising demand for AI-enabled traffic acquisition and conversion solutions. Market growth is further supported by expanding opportunities in short-drama export and the promotion of high-margin non-3C product categories, both of which require cost-efficient and localized content and distribution capabilities. With its strategic transition toward a light-asset model, focus on the Southeast Asian market, and operating foundation built on the MARTOP platform and AI intelligent marketing agent, the Company is positioned as a Tier 1 participant in the AI overseas marketing market.

Competitive Landscape of the Overseas AI Marketing Market, China, 2025



Source: Frost & Sullivan

3. Culture Business Segment

In 2025, the Group fully integrated businesses related to Poly Digi-Entertainment and its original cultural and entertainment content business, establishing a development positioning of “AI empowerment + central SOE resources + diversified scenarios”, and discontinuing its previously underperforming traditional film and television drama business. It focuses on core areas such as the investment of presentation shares in short dramas and film and television, AI digital asset authentication, AIGC content production, MCN and artist agency, and culture and tourism integration, achieving strategic upgrading and high-quality development.

(1) Investment in Short Drama and Film and Television Presentation

Relying on the culture and entertainment resource advantages of Poly Digi-Entertainment, a mixed-ownership reform company of a central SOE, combined with its own experience accumulated over the years in the short video field, the Group strategically adjusted and upgraded the culture business segment, focusing on the full-chain business of short drama investment and film and television presentation, distribution, and production. As one of the first companies to deploy short video platforms, the Group has completed the shooting of multiple types of short dramas and accumulated rich experience in content production and operation; while Poly Culture, as a professional cultural central SOE, has a strong reserve of IP resources, film and television performing talent resources, and diversified content production capabilities, providing solid support for business development.

In the fourth quarter of 2025, with the establishment of an investment portfolio of the first batch of 4 short dramas, including “No Sacrificing Skirts but Beacon Fire” 《不祭羅裙祭烽火》, “The Reborn Matriarch, Taming the Unruly” 《重生主母, 專治不服》, and “Rising the Female Emperor to Power” 《扶女帝上位》, the Group formally entered the high-growth short drama content track. At this stage, however, the business is in the investment cultivation period, and content monetization and revenue release have not yet formed a scale. At the same time, through Poly Film’s full industry chain layout in the film industry, Poly Digi-Entertainment actively explores the presentation, distribution, and production business of film and television works. The Group fully leverages the mechanism advantages to participate in it, creates and enriches its own IP matrix, and forms an exclusive IP Traffic cluster by culture empowering the industry. Previously, it has successively participated in the presentation and production of multiple films such as “You are by my side” 《你就在我身邊》, “Lion Dance Sisters” 《高樁獅妹》, “Operation Macau” 《澳門行動》, “Space Knight” 《太空騎士》, and “Another Day of Hope” 《又是充滿希望的一天》.

(2) AI Digital Asset Authentication

“Poly Digi-Entertainment Chain”, jointly designed and developed by Poly Digi-Entertainment, the Company and JDT, provides underlying blockchain technology support for the issuance of data and digital assets on the “Kong Jian” platform. The Company is responsible for all operations of the platform, including IP (intellectual property) introduction, customer acquisition, platform promotion and other specific businesses.

The “Kong Jian” platform focuses on the fields of film and television, culture, and entertainment, carrying out the issuance and sales business of digital assets such as virtual artworks and digital artworks. Through on-chain authentication, it achieves the capitalized transformation of cultural artworks, cooperative cultural products, and other assets; at the same time, it provides core services such as customer value-added and consumption probing. Relying on copyright protection and digital authentication technologies, it guarantees business compliance with the characteristics of open, transparent, and tamper-resistant data. In the future, the platform will further expand into diversified digital business scenarios such as virtual human and meta-universe, upgrading to a multi-scenario and multi-level integrated digital service platform.

In 2025, it cooperated with the Guizhou Cultural Assets and Equity Exchange to issue the digital assets of the dance drama “Wang Yangming” 《王陽明》, achieving the digital transformation of classic cultural IPs. This explored the external commercial monetization of digital asset business, jointly advanced the data asset value empowerment projects, and provided digital asset services for customers such as local governments.

Furthermore, enabled by the “Poly Digi-Entertainment Chain” technology and backed by a central SOE, the Company has reached in-depth cooperation with Head Collect Digital to provide underlying technical support and evidence storage solutions for Head Collect Digital’s “sports star card” (球星卡) digital collections. The relevant digital collections have been officially launched on the “Head Collect” APP.

In addition, the Company provides data asset and digital asset certification services for various markets and corporate customers. Leveraging the high security and robust authentication features of blockchain technology, the Company offers stable asset authentication services for digital assets, cultural assets and industry data, meeting the market’s core demand for data value recognition.

At the end of 2024, Poly Digi-Entertainment completed its first inclusion of data assets into financial statements, the first ever in relation to a state-owned cultural central enterprise. It has also entered into a strategic cooperation agreement with Shenzhen Cultural Assets and Equity Exchange to jointly promote data asset value empowerment projects.

(3) AIGC Content Production

Based on its own data algorithm capability and the high-quality digital original contents and IP resources of Poly Culture Group, it focuses on the research and development and application of AI vertical models in the cultural and entertainment fields, providing full-process AIGC technical services for the presentation, distribution, and production of cultural and entertainment products. Specifically, this includes virtual digital human customization, virtual voice service, graphic output, short video generation, AIGC script creation, pre-production static and dynamic storyboard production, and post-production special effects research and development and other innovative services. It jointly developed a holographic display system with Poly Digi-Entertainment, achieving the integrated application of AIGC technology and holographic display. Combined with self-developed digital humans, it achieves immediate interaction with users, and can be widely used in vertical fields such as digital window displays, the clothing industry, performance live broadcasting, museums, and the exhibition industry, providing scenario-based digital cultural and entertainment solutions.

Poly Digi-Entertainment carried out deep cooperation with the China Science and Technology Museum. On October 1, 2025, it landed a national-level VR (virtual reality) immersive art space, creating three major operating scenarios: the Da Vinci MR (mixed reality) experience space, the Dinosaur VR experience space, and the VR Flying Chair experience space. On January 1, 2026, Poly Digi-Entertainment's national-level VR immersive art space cooperated with the Tianjin Science and Technology Museum was also opened to the public.

During the production of film and television projects, Poly Digi-Entertainment's AIGC technology is adopted to holistically empower the entire workflow from pre-production ideation to post-production refinement, significantly reducing production costs while enhancing efficiency and quality. In 2025, the Group has applied the AIGC technology comprehensively to film and television project production, significantly reducing costs and improving efficiency. The technological breakthrough of Poly Digi-Entertainment's film and television business transforming to short and medium dramas and interactive film games has laid a robust foundation for expanding the Group's footprint in the short-to-medium series market.

Currently, it has reached a cooperation agreement with ByteDance to jointly develop a high-quality short drama project adapted from the Tomato Novel IP "No Sacrificing Skirts but Beacon Fire". At the same time, the film and game linkage project "I Can't Beat Those Beautiful Girls" 《我打不過漂亮她們》 presented by Poly Digi-Entertainment was officially launched in November 2025.

According to Frost & Sullivan, the AIGC marketing market is evolving rapidly as generative AI technologies are increasingly integrated into digital marketing workflows, enabling more efficient content creation, faster campaign deployment and more precise audience engagement. Market growth is being driven by rising demand for AI-generated marketing content, growing adoption of multi-modal creative formats, and the increasing need for cost-efficient and scalable solutions across high-growth application scenarios such as short dramas, trendy toys and other digital content-based marketing activities. Leveraging its self-built computing capacity, AI marketing model knowledge base, and the deep integration of AI marketing, AIGC and GEO capabilities, the Company has established a differentiated competitive position and is well positioned as a Tier 1 participant in the AIGC marketing market.

Competitive Landscape of the AIGC Marketing Market, China, 2025



Source: Frost & Sullivan

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According to Frost & Sullivan, the AIGC-enabled short-drama market is at an early but fast-developing stage, with growth primarily driven by increasing demand for short-drama content, the need to reduce production costs, and the industry's growing focus on improving efficiency across script development, content generation, post-production and distribution. As market participants seek more scalable and commercially viable production workflows, integrated AIGC capabilities are becoming an increasingly important driver of industry development. By proactively deploying GEO technology and building a triple technology barrier of "AI marketing + AIGC + GEO", while also advancing AIGC-enabled short-drama distribution, AI-powered content production and a full-process workflow covering script generation, text-to-image, image-to-video and post-production effects, the Company is positioned as a Tier 1 participant in this market.

Competitive Landscape of the AIGC-enabled Short-Drama Market, China, 2025



Source: Frost & Sullivan

(4) MCN (Multi-Channel Network) and Artist Agency

Relying on the central SOE background advantages of Poly Digi-Entertainment and Poly Culture's deep accumulation in the film and television industry for more than 20 years, the Group integrates the resources of both parties to create a collaborative business system of "content operation + artist incubation", covering the two core segments of MCN operations and artist agency.

In terms of MCN business, it established the national-leading central SOE MCN's national team, focusing on contracting positive energy talents who conform to the ideology prevailing in the country and make outstanding contributions to the society, such as short track speed skating champion Wu Dajing and badminton world champion Liang Weikeng. Based on the in-depth research on the interest-based algorithm recommendation mechanism of short video platforms, the Company creates novel content suitable for its talents and forms exclusive character tags, and then forms a content matrix through linkage among multiple accounts. The interdependent model has been realized where the "MCN organization provides a traffic pool for its talents + the talents help the MCN organization realize commercialization", continuously expanding industry influence and core competitiveness.

In terms of artist agency business, leveraging a wealth of film, television, variety shows, media, and brand customer resources, the Group provides comprehensive career planning and development support for contracted artists. In 2025, the Group successfully contracted badminton world champion Liang Weikeng. Through professional commercial agents and executive agents teams, combined with factors such as artists' market positioning and image characteristics, the Group selects suitable contracted artists for its clients. At the same time, it connects diversified cooperation opportunities such as film and television shooting, commercial activities, and media promotion for artists. They have participated in the shooting of multiple film and television projects such as "My Childhood Sweetheart Boss Is So Annoying" 《竹馬老闆太欠揍》, "Break Free" 《脫困》, "Emotional Anti-Fraud Simulator" 《情感反詐模擬器》, "Mambo Romance" 《曼波奇緣》, "Tales of the Haunted House" 《幽宅奇譚》, "An Empire for Betrothal" 《江山為聘》, "Tales from the Mountain Village" 《山村怪談》, "Romance of Theatrical Dreams" 《戲夢情緣》, "I Just Wanna Love You" 《偏要愛你》, "Autumn Leaves Fall Silently" 《秋葉落無聲》, and "Await You Quietly" 《窈窕有期》, as well as Sohu Fashion Awards, Beijing Fashion Week, Tencent Video variety show "She Is Next in Line" 《下一順位是她》, Migu Video variety show "A Record of Chinese Elegance & Splendor" 《國風芳華錄》, CCTV-8 variety show "The Drama is Good" 《劇說很好看》, iQIYI "Youth Periplous" 《青春環遊記》, commentator for the 3rd National Badminton Finals, commentator for the China Badminton Masters, guest for the Asia Badminton Elite Tour, 2025 Weibo E-sports Night, 2025 Tianwang Cup International Badminton Open, 2025 Sports Glory Night, Extraordinary Chinese Beauty – Wanning Station Promotion, Douyin Guangdong Travel Players – Please Come to Guangdong to Celebrate the New Year, and other large-scale events, helping artists' career development and commercial value enhancement.

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(5) Culture and Tourism Integration

Based on Poly Culture's rich government and central SOE resources and the Company's leading new media digital marketing capabilities, the culture and entertainment technology business leverages the strengths of both parties to provide online new media operation, E-commerce assistance, city image promotion and other marketing services for governments, central SOEs and private enterprises, aiming to combine traditional publicity contents with digital marketing to improve publicity penetration and broaden social influence. Currently, the Group has expanded a series of central SOEs and government brand customers. The Group undertook the production of the documentary "Business World of Zhaotong Merchants" 《昭商天下》 about entrepreneurs in Zhaotong, Yunnan, the warning film "Gloves" 《手套》 for Poly International, etc.

Poly Digi-Entertainment expands the culture and tourism business based on its own government relations, cultural resources, film and television production, and technology-empowered cultural and tourism capabilities, and publicity and marketing capabilities. It primarily focuses on local culture and tourism publicity and promotion services, activity undertaking services, culture and tourism planning and operations, etc. In 2025, it provided preliminary culture and tourism planning services for Yuci Old City in Shanxi, and presented the Zhanhuang culture and tourism promotional micro-short drama project "Borrowing a Hundred Days to Love You" 《借一百天來愛你》, which was launched and became a hit, boosting local culture and tourism publicity in the innovative short drama format.

At the same time, it successfully landed the digital check-in wall project at the Shushi Silver Culture Museum in Ludian County, Zhaotong City, Yunnan Province. By customizing 4 sets of historical digital humans of Shushi Silver, and deploying an all-in-one holographic cabin machine, it created a local culture and tourism internet-famous check-in spot exploring the cultural roots of the "Millennium Silver Capital". The innovative culture and tourism assistance model of "Central SOE + Local" assists rural revitalization.

II. THE INDUSTRY WHERE WE OPERATE

1. AI Global Marketing Track: Technology Reshapes the Industry Ecosystem

The comprehensive AI transformation of mainstream traffic platforms drives the industry to usher in structural changes. The label system is upgraded from "static" to "dynamic + multi-modal", and the placement logic shifts to "AI global collaboration". Data compliance and precise matching become the core competitiveness. The AI marketing field deeply cultivated by the Group is becoming the key hub connecting customer needs and platform traffic, especially the explosion of marketing demands in emerging tracks such as short dramas and trendy toys, which provides a broad market space for enterprises with AI algorithm adaptation capabilities and full-link service capabilities. At the same time, the deep integration of AI technology and marketing scenarios spawns new service formats such as AIGC creative generation and dynamic bidding optimization, and the industry enters a high-quality development stage of "technology empowering efficiency".

2. Asset-Light Overseas Track: Southeast Asian Market Potential Unleashed

With its young demographic structure, high Internet penetration rate, consumption upgrade trends, and the benefits from the Regional Comprehensive Economic Partnership (RCEP), the Southeast Asian region has become the core growth pole of global cross-border E-commerce and digital services. As the commercialization process of overseas short video platforms accelerates, the ecological closed loop of “content + traffic + transaction” is gradually forming, and the asset-light, technology-driven overseas service model is more competitive. The industry focus has shifted from the traditional asset-heavy trade to precise traffic operations, localized content adaptation, and high-margin category promotion, perfectly aligning with the transformation direction of the Group’s AI overseas marketing, providing fertile market soil for businesses such as short drama overseas expansion and non-3C online category promotion.

3. Cultural Digitalization Track: Dual-Wheel Drive of Policy and Technology

Under the guidance of the national digital construction policy for the cultural industry, the integration of culture and technology has become the core trend of the industry. Fields such as the inclusion of data assets into financial statements, blockchain authentication, and AIGC content production usher in a rapid development period. As an emerging cultural content format, short dramas continue to experience high-speed market growth with the advantages of short production cycles, high monetization efficiency, and large user bases. With the support of central SOE resources and technological innovation, segmented areas such as digital assets, culture and tourism integration, and MCN demonstrate remarkable characteristics of compliant and scale development. The industry as a whole is shifting from “content supply” to “in-depth value cultivation”, creating a favorable policy environment and market opportunities for the diversified layout of the Group’s culture business.

III. CONCEPT SEGMENTS WHERE WE OPERATE

1. Web3.0 and Digital Assets Segment

Relying on the Web3.0 business layout of Poly Digi-Entertainment, the Group actively launches the middle platform operation, IP incubation, and digital asset issuance business of the “Kong Jian” platform, relying on the central SOE’s own blockchain “Poly Digi-Entertainment Chain”. Web3.0 is committed to creating a user-led and decentralized network ecosystem based on blockchain technology. Digital assets serve as its core value factor. In the current era where AI generates a large amount of AIGC content, data sources and digital assets themselves have become scarce resources, and their value continues to grow.

Based on copyright protection technology and digital authentication technology, the Group distributes digital assets in the fields of film and television, culture, and entertainment to users in an open, transparent, and immutable form, and has successfully completed the first successful case of the inclusion of data assets of a cultural central SOE into financial statements. As the domestic policy for the inclusion of data assets continues to advance, the demand for value confirmation of enterprise operational data, cultural data, and digital content is growing rapidly. The strong security and strong endorsement advantages of the central SOE’s own blockchain will be further highlighted, providing solid support for the continuous expansion of this segment’s business.

CORPORATE PROFILE

2. Film and Television Entertainment Segment

Relying on the central SOE film and television resource advantages of Poly Digi-Entertainment, the Group actively carries out the presentation, distribution, and production business of film and television entertainment products, and advances the IP incubation and agency business of artists and Internet celebrities. Leveraging AIGC technology to fully empower the entire film and television production process, it achieves cost reduction and efficiency enhancement from early creative planning to post-production special effects, supporting the film and television business to transform and upgrade to emerging content formats such as short and medium dramas and interactive film games.

The short drama track has prominent characteristics of short production cycles, fast distribution speeds, and relatively fragmented competition patterns, with high-speed market growth and broad development potential. The Group has completed the shooting of multiple types of short dramas, and completed the investment layout of the first batch of 4 short dramas in the fourth quarter of 2025; the film and game linkage project “I Can’t Beat Those Beautiful Girls” was officially launched in November 2025. Film and television cultural and entertainment contents continuously attract a large amount of user traffic on mobile Internet platforms. There is huge potential in business areas such as promotion and distribution, commercial monetization, and film and game linkage. The Group will continue to deeply cultivate this track, build a proprietary IP traffic matrix, and enhance content monetization capabilities.

3. Short Video and Short Play Concept Segment

Short video has become the dominant form of information dissemination. Domestic and overseas mainstream short video platforms are the main traffic channels for the Group’s core businesses such as algorithm marketing and overseas e-commerce. As the online time of mobile Internet users continues to increase, the traffic aggregation effect of short video platforms continues to be prominent, providing a broad market space for algorithm marketing, e-commerce traffic generation, and overseas business expansion.

In terms of the short drama track, the market size of Internet short dramas reached RMB50.5 billion in 2024, growing 136 times in four years, and is expected to reach RMB63.4 billion in 2025, with a user scale of 696 million, accounting for more than 60% of the country’s netizens (Source: 2025 Observation Report on Short Play Industry published by Qixin.com, December 2025). The Group has deeply cultivated the short video field for many years, completed the shooting of multiple types of short dramas, and accumulated rich experience. Affected by the continuous tightening of regulatory approval for game licenses and paid literature, the Company’s traditional interactive entertainment marketing customer track is under pressure. The Company has listed the short drama business as a core growth area for key layout, relying on AIGC technology to empower the entire production and distribution process of short dramas. Uniting with high-quality partners such as Yingyi Vision, Poly-affiliated film and television companies, and Star Entertainment, it explores a scalable and efficient AI-driven film and television content distribution system, aiming to build an industry-leading AI film and television distributor.

IV. OUR STRENGTHS

1. First-Mover Advantages in Technology Iteration and Industry Adaptation

The Group has deeply cultivated algorithms and AI technology for more than ten years, forming complete technical capabilities from data label systems and vertical model training to full-link services. Facing the platform AI upgrade and transformation, it took the lead in completing the adaptation and transformation of the proprietary platform, building a dynamic + multi-modal label system and AI global collaborative placement capabilities, achieving technical synchronization with top platforms such as Douyin and WeChat. The deep application of AIGC technology in scenarios such as short drama production, creative content generation, and precision marketing forms a significant cost reduction and efficiency enhancement advantage, and technical strength has become the core support for business stability and incremental breakthroughs.

2. Resource Advantages of Central SOE Synergy and Compliant Operation

Through the establishment of a mixed-ownership reform company with Poly Culture Group, the Group not only gained the high-quality IP resources, industrial integration capabilities, and policy endorsements of the cultural central SOE, but also took the lead in achieving the breakthrough outcome of the inclusion of data assets of a cultural central SOE into financial statements, establishing a first-mover advantage in areas such as digital asset authentication and compliant operations. Relying on the central enterprise's own blockchain technology, the Group forms differentiated competitiveness in data security and compliance filings, providing a solid foundation for expanding state-owned and central enterprise customers and laying out sensitive cultural digital businesses, effectively mitigating policy and compliance risks.

3. Model Advantages of Business Synergy and Asset-Light Operation

The Group built a collaborative ecosystem of "AI Marketing + AI Overseas Marketing + Culture Business". The three major segments share AI technology, customer resources, and traffic channels, forming a closed growth loop of "Domestic Increments + Overseas Expansion + Cultural Empowerment". At the same time, the overseas business comprehensively shifted from an asset-heavy 3C trade to an asset-light technology service model. The AI marketing segment focuses on high-margin emerging tracks, and the culture business relies on central enterprise resources for lightweight operations. The overall business structure is healthier, effectively circumventing risks such as inventory impairment and fund occupation, enhancing anti-cyclical capabilities and earning quality.

CORPORATE PROFILE

4. Growth Advantages of Track Layout and Customer Structure

The Group precisely grasps industry trends and lays out early in high-growth tracks such as short drama distribution, trendy toy marketing, short drama overseas expansion, and digital assets, forming a complementarity with traditional businesses. The customer structure realizes a diversified pattern of “maintaining traditional existing customers + breaking through new incremental customers + expanding SOE and central SOE customers”, which not only guarantees the stability of the business fundamentals but also opens up incremental space. In particular, deep cooperation with high-quality partners such as the Poly-affiliated companies, Yingyi Vision, and Head Collect Digital provides ample impetus for the scalable expansion of the business.

5. Technical Advantages of Forward-looking GEO Deployment

Different from the industry’s general focus on AIGC content production, GEO represents the core competition for traffic entry points in the AI era. Through its proprietary technical framework, the Group can effectively optimise the weight and credibility of customers’ content in AI-generated results, assisting customers in securing dominant traffic positions in the AI dialogue era. Together with AIGC technology, it forms a dual-core technological barrier, further extended into a triple barrier of “AI Marketing + AIGC + GEO” which is difficult for peers to replicate, providing unique competitive advantages for incremental businesses including short dramas, trendy toys and brand marketing.

MANAGEMENT DISCUSSION AND ANALYSIS

- **OVERVIEW OF RESULTS FOR THE YEAR**

AI Marketing Business (formerly domestic algorithm-based marketing business)

This segment is the core business segment of the Group in 2025, covering the two original existing businesses of marketing agency and advertising top-up agency, as well as the two emerging track businesses of short drama distribution and trendy toy precision marketing. Affected by the AI transformation of the industry, the Company initiated a comprehensive AI upgrade and transformation of the proprietary platform in the second half of 2024. Revenue across all businesses experienced a phased adjustment during the transition period, and it is expected to fully recover and continue to expand after the upgrade is completed.

- **Marketing Agency and Advertising Top-up Agency (formerly interactive entertainment and digital products performance-based marketing)**

In 2025, the Group recorded revenue of HK\$1.88 million from marketing agency and advertising top-up agency (formerly interactive entertainment and digital product performance-based marketing services), representing a decrease of 96.70% compared to HK\$56.93 million in the same period last year. The decline in revenue is primarily due to: influenced by industry algorithm changes, the space for pure performance-based marketing services narrowed. The Company adapted to industry changes, and relying on the long-term stable cooperative relationships established with mainstream platforms such as Douyin and Tencent, it adjusted the core of the algorithm marketing business to the advertising top-up agency service, providing traditional existing customers with advertising account top-ups and supporting basic operation services. This model maintains cooperation stickiness with existing customers in an asset-light manner while optimizing cash flow management and stabilizing the business fundamentals.

- **Short Drama Distribution (Emerging Track)**

Short drama distribution is the key incremental core business expanded by the Group. The market size of Internet short dramas reached RMB50.5 billion in 2024, growing 136 times in four years, and is expected to reach RMB63.4 billion in 2025 (source: 2025 Observation Report on Short Play Industry published by Qixin.com, December 2025). Facing brand new customer groups such as short drama production institutions, the Company leverages AI technology capabilities to carry out AIGC/live-action drama distribution and short drama platform traffic placement services. Currently, it has reached cooperation intentions or signed agreements with the Poly-affiliated film and television production companies, Yingyi Vision, TEAMMI under Taimei Toys Group, and a well-known South Korean IP animation company Star Entertainment, jointly producing AIGC simulated, 3D animated, and live-action short and medium dramas, conducting distribution and promotion through platforms such as Douyin, and recognizing revenue based on real-time placement effects.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Precision Marketing for Trendy Toy (Emerging Track)**

Trendy toy precision marketing is an AI-driven precision marketing service created for brand new customer groups in the trendy toy industry. The market size of the trendy toy track grew by 58.3% year-on-year in 2024, short video marketing-related demands grew by 127%, and Generation Z consumption accounted for more than 70% (Source: 2024 Consumer Trends Report on Trendy Toy Industry in China published by iResearch, April 2025). The Company focuses on the consumption preferences of Generation Z, and through AI user portrait analysis, dynamic multi-modal label matching, and customized AIGC content generation, it provides trendy toy customers with new product promotion, precise traffic placement, circle marketing, and live broadcast auxiliary promotion services. Since the second quarter of 2025, it has been connected to the marketing middle platform of “Head Collect” (China’s largest trendy toy sales platform), laying the foundation for customer data accumulation for the Company’s AIGC marketing.

AI Overseas Marketing Business (formerly overseas E-commerce business)

This segment is the core operational segment of the Group’s overseas business after strategic transformation. Since the initiation of the transformation at the end of 2023, the Group has completely stopped the original asset-heavy trade procurement inventory model primarily focused on 3C electronic consumer products, and firmly shifted to a technology-oriented, asset-light AI precision marketing service model. Focusing on the core market of Southeast Asia, relying on the self-built E-commerce platform MARTOP and independently trained AI intelligent marketing Agent, it builds a lightweight and highly efficient new overseas operation system.

In 2025, the Group recorded revenue of HK\$3.38 million from AI overseas marketing business, representing a decrease of 89.70% compared to HK\$32.80 million in 2024. The decrease in revenue is primarily due to the adaptation phase of the business model transformation — in 2025, the Company continued to test the new matchmaking transaction model. Compared with the asset-heavy model, the Company no longer bears the responsibilities of product buyout, inventory management, and cross-border logistics under the asset-light model, effectively circumventing operational risks such as inventory impairment, and fully leveraging the Company’s core advantages in AI algorithm marketing. Under the new operating model, the Company charges commissions and service fees from suppliers and distributors.

In terms of traffic platform layout, the Group has deeply integrated with global mainstream traffic platforms such as TikTok, YouTube, Meta, X, and Amazon, as well as local mainstream social, content, and traffic platforms in Southeast Asia. It has formed a full-link marketing ecosystem covering public domain dissemination, social media seeding, topic detonation, traffic receiving, and effect conversion, providing precise traffic marketing services between suppliers and distributors, and charging service fees based on the transaction volume. During the business model transformation period, the Group continuously invested in the technical iteration of the MARTOP platform, the enhancement of traffic operation capabilities, and the expansion of resources on both the supply and demand sides.

Looking ahead, the core development direction of this segment is the short drama overseas expansion business. Relying on the content resources and AI production capabilities accumulated in domestic short drama distribution, it expands the promotion and distribution of short dramas in the Southeast Asian market; at the same time, it actively deploys overseas promotion services for high-margin non-3C online categories. Leveraging the advantages of self-developed AI technology in content output and precise placement, it continuously excavates the incremental value of the Southeast Asian market.

Culture Business

In 2025, relying on the central enterprise cultural and entertainment resource advantages of Poly Digi-Entertainment, this segment completed strategic adjustments and upgrades, discontinuing its previously underperforming traditional film and television drama-related businesses, and focused on carrying out the investment business of presentation shares in short dramas and film and television. At the same time, it advanced the diversified development of core areas such as digital assets, AIGC applications, culture and tourism integration, MCN, and artist agency. In the fourth quarter of 2025, the Group completed the investment layout of the first batch of 4 short dramas, cutting into the high-growth short drama content track. At this stage, the business is still in the investment cultivation period, and content monetization and revenue release have not yet formed a scale.

In terms of AIGC technology empowerment, the Group deeply cooperated with Poly Digi-Entertainment to comprehensively apply AIGC technology to the entire process of film and television content production, achieving full-round empowerment from early creative planning to post-production, significantly reducing production costs and improving efficiency and quality. Poly Digi-Entertainment's film and television business has transformed to emerging content formats such as short and medium dramas and interactive film games. The film and game linkage project "I Can't Beat Those Beautiful Girls" was officially launched in November 2025.

In terms of digital asset business, the "Kong Jian" platform continued steady operations. Relying on the central enterprise's own blockchain "Poly Digi-Entertainment Chain", it issues digital assets in the fields of film and television, culture, and entertainment for users, and successfully completed the first successful case of the inclusion of data assets of a state-owned cultural central enterprise into financial statements. The "sport star card" digital collection launched in cooperation with Poly Digi-Entertainment and Head Collect Digital has been officially launched in the "Head Collect" APP, and data evidence storage and digital asset authentication services continue to advance.

In terms of digital marketing and culture and tourism business, this segment provides new media operations and city image promotion services for governments, central and state-owned enterprises, and private enterprises. It has expanded to central enterprise brand customers such as China State Construction and Poly Group. And in 2025, it provided preliminary culture and tourism planning services for Yuci Old City in Shanxi, presented the culture and tourism promotional micro-short drama project "Borrowing a Hundred Days to Love You" for Zhanhuang, Hebei and delivered the digital check-in wall project for the Shushi Silver Culture Museum in Ludian County, Zhaotong, Yunnan.

In terms of MCN and artist agency, the Group's central enterprise MCN continues to expand, and the matrix of contracted athlete talents has been further enlarged. In 2025, it newly contracted badminton world champion Liang Weikeng. The affiliated artists actively participated in the shooting of multiple film and television projects and important media promotion activities.

MANAGEMENT DISCUSSION AND ANALYSIS

• PROGRESS ON R&D

In 2025, the Group's R&D investment primarily consisted of R&D team human costs and AI technology R&D-related expenditures. In 2026, the Group will increase the R&D-related expenditures covering the data procurement fees required for AI model training and TOKEN consumption fees. The R&D direction focused on the following three core areas:

1. Proprietary Platform AI Upgrade and Algorithm Iteration

In response to the comprehensive AI transformation of mainstream traffic platforms, the Group completed the overall AI upgrade and transformation of the proprietary precision marketing platform. The core includes: adopting the "open-source base + vertical model training" route, based on open-source large models such as Llama 3 and Qwen, combined with years of accumulated proprietary placement data to train marketing vertical small models; upgrading the data label system from static single-dimensional labels to dynamic multi-modal labels, expanding the number of labels from thousands to tens of thousands, and increasing the update frequency from daily to real-time/hourly; deeply docking with the AI interfaces of platforms such as Douyin Ocean Engine and WeChat Advertising, adapting to the new requirements of AI global collaborative placement, ensuring that the placement effect returns to the optimal AI range of the platform.

2. AIGC Short Drama Content Production Capability Construction

The Group jointly built an AI full-process content production workflow with Yingyi Vision, advancing the implementation and application of AIGC in the entire short drama production process. This covers core functions such as AI script generation, text-to-image, image-to-video, AI-assisted short drama generation, and post-production special effects. At the same time, it developed AI human-simulation technology that integrates images, sounds, and real-time interaction, significantly reducing content production costs and providing technical guarantees for the scalable expansion of the short drama distribution business.

3. Overseas Traffic Matching Model Optimization

Targeting overseas short video platforms in Southeast Asia, the Group continuously optimized the traffic placement model. Through deep multidimensional analysis of the target group's gender, age, region, interests, etc., it built a dynamic label matching system. Combining popularity trends and seasonal factors for secondary modeling, it precisely generated placement strategies, improving the efficiency of overseas business traffic acquisition and conversion rates.

The R&D investment rhythm follows the principle of high upfront investment and year-by-year reduction. After each core model matures, the R&D focus will gradually shift to dynamic optimization on the business side, continuously iterating models during the business execution process to ensure the rationality and high efficiency of R&D investments.

• BUSINESS DEVELOPMENT FOR 2026

a. AI Marketing Segment: Complete Upgrade, Achieve Scalable Revenue

In 2026, the Group's AI marketing segment plans to become the core growth engine. After the completion of the platform AI upgrade and transformation for the original businesses of marketing agency and agency top-up of advertising, it will fully resume serving traditional existing customers. The new track businesses of short drama distribution and trendy toy precision marketing will continue to expand, focusing deeply on the two emerging customer groups of Internet short drama production companies and trendy toy platforms. Relying on the marketing middle platform advantages that have connected to core customers such as Head Collect, Poly Digi-Entertainment, and Yingyi Vision, it will rapidly expand customer coverage, driving the AI marketing business revenue to recover as soon as possible to the level at the time of listing.

b. Actively Expand AIGC Short Drama Distribution Business

In 2026 and beyond, the Group plans to focus on the AIGC-driven film and television content field. Relying on top platforms such as Douyin and Hongguo, it will jointly build an AI full-process content production workflow with Yingyi Vision, realizing full-process solutions for AI short dramas, AI animations, and film and television special effects production, aiming to build an industry-leading AI film and television distributor.

Quarterly progress: Q1 complete the construction of the AI production pipeline, reserve 10 to 15 pieces of content, and complete compliance filings; Q2 achieve the launch of the first batch of content and revenue breakthroughs; Q3 achieve the AIGC cost-reduction effect and scalable traffic placement to improve gross margin; Q4 launch the derivatives business and achieve the annual performance target.

c. AI Overseas Marketing Segment: Focus on Short Drama Overseas Expansion, Expand High-Margin Categories

Relying on the MARTOP platform and the established traffic ecosystems of global mainstream platforms such as TikTok, YouTube, Meta, X, and Amazon, based on the content resources and AI production capabilities accumulated in domestic short drama distribution, it will heavily lay out the short drama overseas expansion business. At the same time, it will actively seek high-margin non-3C online categories for expansion, driving the overseas business to transform from the transition period to profitable growth.

d. Culture Business Segment: Short Drama Investment Cultivation, Deepen Central SOE Cooperation

It will continuously advance the content monetization of the first batch of 4 invested short dramas, expanding the investment scale of presentation shares in short dramas and film and television. Leveraging the central enterprise resources of Poly Digi-Entertainment, it will advance the commercial monetization of digital assets, Web3.0 infrastructure construction, and the development of state-owned and central enterprise customers to explore new profit growth points.

e. Full-domain Operation and Management Upgrade Solution Centred on the Open Claw Agent

The Group will fully benchmark the intelligent transformation experience of industry-leading companies. With the Open Claw agent as its technological core and digital foundation, it will implement a systematic upgrade covering the full business chain, all operational processes and all management dimensions to build a new-generation intelligent operation and management system that is technologically leading, autonomously collaborative, efficient and lean.

MANAGEMENT DISCUSSION AND ANALYSIS

• FINANCIAL REVIEW

Revenue

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

	For the years ended December 31,			
	2025	Percentage	2024	Percentage
	<i>(HK\$ million, except for percentages)</i>			
Revenue from marketing agency and advertising top-up agency (formerly interactive entertainment and digital products marketing)	1.88	16.10%	56.93	50.24%
Revenue from domestic E-commerce products marketing	–	–	20.88	18.43%
Revenue from AI overseas marketing (formerly sales of overseas E-commerce goods)	3.38	28.94%	32.80	28.95%
Revenue from culture business	5.56	47.60%	2.50	2.21%
Revenue from other businesses	0.86	7.36%	0.20	0.17%
Total revenue	11.68	100.00%	113.31	100.00%

The Group's revenue decreased by 89.69% from HK\$113.31 million in 2024 to HK\$11.68 million in 2025. The decrease was mainly due to (i) the Group strategically reoriented its overseas e-commerce operations by shifting from the previous asset-intensive business model, which involved purchasing inventory for trading and subsequent overseas sales, to an asset-light model focusing on delivering precise marketing services via interest-based algorithms on overseas short video platforms. This new approach centers around MARTOP, the self-built e-commerce platform, serving as the core transaction negotiation platform by providing sales leads and continuously leveraging precise traffic diversion on overseas short video platforms. In 2025, the Group charged commissions or service fees to suppliers under the new business model; and (ii) the scale of the interactive entertainment and digital product marketing business decreased, with revenue 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 platforms, purchase cost of goods and cost of culture business. The cost of revenue decreased by 94.23% from HK\$112.26 million in 2024 to HK\$6.48 million in 2025, which was primarily attributable to the strategy adjustment of the Group's overseas E-commerce business, suspending the purchase of goods, to shift from an asset-heavy model to an asset-light model, 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 gross profit by product type for the periods indicated:

	For the years ended December 31,	
	2025	2024
	<i>(HK\$ million)</i>	
Gross profit from marketing agency and advertising top-up agency (formerly interactive entertainment and digital products marketing)	1.88	12.38
Gross profit from domestic E-commerce products marketing	–	3.76
Gross profit from AI overseas marketing (formerly sales of overseas E-commerce goods)	3.38	(16.66)
Gross profit from culture business	(0.68)	0.48
Gross profit from other businesses	0.63	1.09
Total gross profit	5.21	1.05

The Group achieved a gross profit of HK\$5.21 million in 2025, representing an increase of 396.19% compared to HK\$1.05 million in 2024. For the year ended December 31, 2025, the gross profit margin of the Group was 44.61%, representing an increase of 43.68% compared to 0.93% for the year ended December 31, 2024. The significant increase in the Group's gross profit and gross profit margin was mainly due to the interactive entertainment and digital product marketing business and the overseas e-commerce business undergoing a business model transition, with revenue recognized on a net basis, impacting the change in gross profit margin.

Other Gains and Losses

The other gains and losses of the Group changed from losses of HK\$5.43 million in 2024 to losses of HK\$13.78 million in 2025, which was mainly due to (i) net foreign exchange losses of HK\$11.29 million in 2025; and (ii) loss on fair value changes of obligation arising from a forward contract with non-controlling interests of HK\$2.95 million.

Distribution and Selling Expenses

For the year ended December 31, 2025, the distribution and selling expenses of the Group amounted to approximately HK\$84.43 million, representing a decrease of 90.76% as compared with HK\$913.58 million in 2024, which was mainly attributable to less traffic promotion subsidy to the distributors by the overseas e-commerce business in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

The administrative expenses of the Group decreased by 34.35% from HK\$88.91 million in 2024 to HK\$58.37 million in 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.

R&D Expenses

R&D expenses of the Group mainly consist of data analysis and algorithm modeling expenditures, especially the establishment and optimization of data models, the development of AI technology model R&D and AI computing power, and the remuneration and benefits expenses of technical personnel related to the development of technology platforms.

R&D expenses of the Group increased by 102.21% from HK\$3.17 million in 2024 to HK\$6.41 million in 2025, which was mainly due to the Group's growing R&D investment in AI technology for its transformation from an algorithm-driven marketing technology company to a vertical AI marketing model and generative technology-driven company.

Finance costs

For the year ended December 31, 2025, 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

The Group had the balance of trade and other receivables of HK\$348.82 million and HK\$24.73 million as of December 31, 2024 and December 31, 2025, respectively.

As at December 31, 2025, the balance of trade receivables of the Group amounted to HK\$2.44 million, representing a decrease of 95.95% compared to HK\$60.29 million as of December 31, 2024, which was mainly attributable to (i) lower business revenue in 2025; and (ii) collection and impairment of trade receivables from prior years, resulting in a corresponding reduction in trade receivables.

Other receivables are deposits paid to suppliers to expand the overseas sales of E-commerce goods business, receivables of income from investments in films and television dramas, employee petty cash and rental deposits, etc. As of December 31, 2024 and December 31, 2025, the balance of other receivables amounted to HK\$288.53 million and HK\$22.29 million, respectively, which was mainly attributable to the offsetting of deposits for overseas E-commerce business against payables for overseas traffic purchases in 2025.

Prepayments

The Group's prepayments primarily include prepayments for purchases of traffic, prepayments for consulting services, and other prepayments.

The Group had the balance of prepayments of HK\$108.38 million and HK\$54.04 million as of December 31, 2024 and December 31, 2025, respectively. The decrease in balance was mainly due to (i) the consumption of part of the Group's traffic payment in 2025; and (ii) 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.

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 HK\$188.29 million as of December 31, 2024 and December 31, 2025, respectively. The decrease in balances was mainly due to the Group's business 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 Group's trade payables decreased by 99.50% from HK\$297.45 million as at 31 December 2024 to HK\$1.50 million as at 31 December 2025, mainly due to the offsetting of the Group's prepayment for traffic purchases and deposits for overseas E-commerce business against payables for overseas traffic purchases in 2025.

The balance of the Group's other payables increased by 1.48% from HK\$23.68 million as at 31 December 2024 to HK\$24.03 million as at 31 December 2025.

Lease Liabilities

The Group's lease liabilities decreased by 65.49% from HK\$22.17 million as at 31 December 2024 to HK\$7.65 million as at 31 December 2025, which was mainly attributable to the reduction in property leases.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

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

	As of December 31 or for the year ended December 31,	
	2025	2024
	<i>HK\$ million</i>	
Net cash used in operating activities	(65.46)	(54.54)
Net cash from (used in) investing activities	8.09	(10.46)
Net cash from (used in) financing activities	34.48	(18.46)
Net decrease in cash and cash equivalents	(22.89)	(83.46)
Cash and cash equivalents at beginning of the year	212.88	325.97
Effect of foreign exchange rate changes	(1.70)	(29.63)
Cash and cash equivalents at end of the year, represented by bank balances and cash	188.29	212.88

As of December 31, 2024 and as of December 31, 2025, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Cash Flow from Operating Activities

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

For the year ended December 31, 2025, the net cash used in operating activities was HK\$65.46 million (for the year ended December 31, 2024: HK\$54.54 million), which was mainly due to the increase in trade and other payables.

Cash Flow from Investing Activities

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

For the year ended December 31, 2025, the net cash from investing activities was HK\$8.09 million (for the year ended December 31, 2024: net cash used in investing activities of HK\$10.46 million), which was primarily attributable to redemption of time deposits.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow from Financing Activities

For the year ended December 31, 2025, the net cash from financing activities was HK\$34.48 million (for the year ended December 31, 2024: net cash used in financing activities of HK\$18.46 million), which was primarily due to the release of restricted bank balances.

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 the net capital expenditures for the periods indicated:

	As of December 31 or for the year ended December 31,	
	2025	2024
	<i>HK\$ million</i>	
Fixed assets	14.24	0.28
Total	14.24	0.28

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associates

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

Indebtedness

Bank Borrowings

As of December 31, 2024 and December 31, 2025, the Group did not have any bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities, Charges of Assets and Guarantees

Contingent Liabilities

As of December 31, 2024 and December 31, 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, it expected would materially adversely affect the business, financial position or results of operations.

Charge of Assets and Guarantees

As of December 31, 2024 and December 31, 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 of December 31, 2025, the gearing ratio of the Group was 25.00% (as of December 31, 2024: 49.02%).

Current Ratio

Current ratio represents current assets divided by current liabilities. The current ratio of the Group increased from 1.86 times as of December 31, 2024 to 3.13 times as of December 31, 2025.

Treasury Policy

The Group adopts a prudent financial management approach for the treasury policy to ensure that the liquidity structure is able to always meet the capital requirements.

Foreign Exchange Risk and Hedging

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

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

Employees and Remuneration Policies

As of December 31, 2025, the Group had 50 full-time employees, the majority of whom were based in China. As of December 31, 2025, over 58% of the employees were engaged in R&D, technical and operation.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

(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.

During the twelve (12) months ended December 31, 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 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; (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 year ended 31 December 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 December 31, 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 ("**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).

MANAGEMENT DISCUSSION AND ANALYSIS

(III) Total Number of Shares Available for Grant And their Percentage of Issued Shares (excluding treasury shares) of Joy Spreader International as at the Date of the Annual 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 annual report, the total number of issued shares of Joy Spreader International was 10,000 shares. Mr. Zhu has been conditionally granted 1,000 shares of Joy Spreader International on September 28, 2023, involving 1,000 shares of Joy Spreader International and 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 the stepwise vesting schedule, 200 shares were vested on March 1, 2024, and the remaining 600 shares were fully vested on September 25, 2025. As at the date of this annual report, there were no other shares 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 annual report, the remaining life of the Joy Spreader International Share Award Scheme is approximately 7 years and 6 months.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the awards granted under the Joy Spreader International Share Award Scheme during the 12 months ended December 31, 2025 are set out below:

Name/ category of grantees	Awards unvested as at January 1, 2025 ^{Note 1}	Awards granted during the Reporting Period	Date of grant	Awards vested during the Reporting Period	Awards cancelled during the Reporting Period	Awards lapsed during the Reporting Period	Awards unvested as at December 31, 2025	Purchase price (HK\$)	Weighted average closing price of the Shares immediately before the date of vesting of awards (HK\$) ^{Note 2}	Vesting period
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Director

Mr. Zhu	600	-	September 28, 2023	600	-	-	-	0	N/A	See Note 2
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Total	600	-		600	-	-	-			
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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 600 Shares to be vested on September 25, 2025. 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 annual 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 December 31, 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.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Zhu Zinan (朱子南), aged 45, is our founder, Chairman, executive Director, chief executive officer and the member of the Remuneration Committee. He is responsible for the overall management, strategic planning and decision-making of the Group. He has been the chief executive officer at Beijing Joyspreader since June 2012 and was appointed as an executive director and the chief executive officer at Beijing Wuyou Technology Co, Ltd (伍遊(北京)科技有限公司) in July 2014.

Mr. Zhu has over 15 years of experience in the online marketing industry. Mr. Zhu served as secretary of director at the science and research department in National Education Examinations Authority (國家教育部考試中心) from October 2004 to August 2005. From August 2005 to April 2007, he was the vice president at Molong International Co., Ltd. (魔龍國際有限責任公司), a company that is principally engaged in the development and production of mobile games. From April 2007 to June 2012, he worked as a general manager at the business department of Phoenix Online (Beijing) Information Technology Co., Ltd (鳳凰在線(北京)信息技術有限公司), a company that principally engages in providing premium new media contents and services for the mainstream Chinese community on a seamless platform across internet, mobile and TV network. In December 2017, Mr. Zhu was selected as one of the “Top Ten Most Outstanding People in China’s Gaming Industry”(中國遊戲產業十大新銳人物) at the China Game Industry Annual Conference (中國遊戲年會). In December 2022, he served as the chairman of the new session of the Board of Supervisors of Quzheng Love Foundation (屈正愛心基金會). In October 2023, he obtained the Business Leader Course Certificate (商業領袖課程學習證書) from HKU Business School (港大經管學院). In January 2024, he was awarded the “Responsible Business Leadership 2023 (2023年度責任商業領袖)” at the 13th Philanthropy Festival (第十三屆公益節).

Mr. Zhu graduated from Beijing Administration for Industry and Commerce School (北京市工商管理管理學校) majoring in industrial and commercial administration in June 2000, and obtained a bachelor’s degree.

Mr. Cheng Lin (成林), aged 43, joined the Group in January 2014, is an executive Director and vice president of the Company. He is responsible for overseeing our sales and marketing, maintaining the relationship between marketers and content publishers and assisting in the overall management of the Group. He is currently the chief operating officer, director and vice president of Beijing Joyspreader.

Mr. Cheng has over 18 years of experience in sales, marketing and operation. Prior to joining the Group, Mr. Cheng served as a business supervisor in Sony Ericsson Mobile Communications (China) Co., Ltd (索尼愛立信移動通信產品(中國)有限公司) from 2005 to 2008. From 2009 to 2011, he worked as a business supervisor in Beijing Potevio Communication Technology Co., Ltd (北京普天太力通信科技有限公司), a mobile communication products distributor and service provider. He then served as chief operating officer in Beijing Yuancai Technology Co., Ltd (北京源彩科技有限公司), an application service provider, from 2011 to 2013. He later assumed the role of the operation director in Beijing Huiqun Zhidi Technology Co., Ltd from April 2013 to December 2013.

Mr. Cheng obtained an associate degree from Shenyang University (瀋陽大學) in July 2005, majoring in computer application and maintenance. In July 2010, Mr. Cheng obtained his undergraduate diploma (part-time) in business administration from the same institute.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Qin Jiaxin (秦佳鑫), aged 36, was appointed as an executive Director of the Company with effect from March 22, 2021. She concurrently serves as the secretary of the Board, joint company secretary of the Company and the member of the Nomination Committee. Ms. Qin joined the Group in January 2017 as the secretary of the Board. She is responsible for the information disclosure and the supervision and inspection in relation to legal compliance, investor relations management, investment, financing and capital operation of the Group. She also assists in the coordination and organisation of the Board meetings and general meetings.

Prior to joining the Group, she served as the assistant to the president of Beijing Qianhe Capital Investment Management Co., Ltd. (北京千和資本投資管理有限公司) from May 2014 to December 2014. Ms. Qin Jiaxin joined Beijing Opportune Technology Development Co., Ltd. (北京正辰科技發展股份有限公司) in April 2015 and served as the chairman of its board of supervisors until October 2016.

Ms. Qin Jiaxin received a master's degree in international finance and management and a bachelor of arts degree in international business from the University of Central Lancashire in November 2013 and September 2012, respectively. Ms. Qin Jiaxin passed the qualification examination and received the board secretary certificate from the Shanghai Stock Exchange in November 2017, from the Shenzhen Stock Exchange in November 2016 and from the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) ("NEEQ") in April 2017. She also obtained the independent director qualification from the Shenzhen Stock Exchange in December 2017 and from the Shanghai Stock Exchange in June 2018. In December 2023, she obtained the "ESG Reporting Certification Course" (ESG 報告課程證書) from the Hong Kong Chartered Governance Institute.

Non-executive Directors

Mr. Wang Hongpeng (王宏鵬), aged 52, was appointed as a non-executive Director of the Company with effect from June 30, 2025. He concurrently serves as the member of the Audit Committee of the Company.

Mr. Wang has extensive industry experience in cultural technology, capital market and fund management. From 1996 to 1997, he served as the minister of Foreign Liaison Department of Well-off Promotion Committee of State Commission for Economic Restructuring in Beijing (北京國家經濟體制改革委員會小康促進委員會). From 1997 to 2000, he served as the media supervisor of the Beijing branch of Saatchi & Saatchi Great Wall Advertising Co., Ltd. (盛世長城國際廣告有限公司北京分公司). From 2000 to 2005, he served as the customer relationship management consultant of Beijing Ogilvy One Marketing Co., Ltd. (北京奧美互動諮詢有限公司). From 2005 to 2013, he served as the managing director of Ogilvy Century (Beijing) Advertising Co., Ltd. (奧美世紀(北京)廣告有限公司). From 2016 to 2020, he had consecutively worked at Beijing Zhitouhui Wenchuang Technology Co. Ltd. (北京智投匯文創科技有限公司) and Beijing Shougang Fund Co., Ltd. (北京首鋼基金有限公司). From 2020 to 2024, he worked as the executive director and managing director of Global Digital Creations Holdings Limited (環球數碼創意控股有限公司), a company listed on GEM of the Stock Exchange (stock code: 8271) and principally engaged in creation and production of computer graphics. From 2020 to 2024, he also served as the president of sub-association on digital culture and entertainment of the China Culture and Entertainment Industry Association (中國文化娛樂行業協會數字文娛分會).

Mr. Wang graduated from Nankai University (南開大學) in the PRC with a major in English in 1996 and received a degree in executive master of business administration from Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University (上海交通大學高級金融學院) in the PRC in 2017.

Independent Non-executive Directors

Mr. Li Chenji (李辰霽), aged 37, was appointed as an independent non-executive Director of the Company with effect from February 10, 2026. He concurrently serves as the chairman of the Audit Committee.

Mr. Li has over 10 years of experience in capital market and finance. He joined and has been working at GR Life Style Company Limited (stock code: 0108.HK) (“GR Life Style”) as the chief financial officer and the company secretary since November 2024. He also worked as the asset management director of Tongchuangjiuding Investment Management Group Co., Ltd.* (同創九鼎投資管理集團股份有限公司) (“Tongchuangjiuding”), a company whose shares are quoted on the National Equities Exchange and Quotations (stock code: 430719.OC) and as a strategic consultant of KE Holdings Inc. (貝殼控股有限公司) (“KE Holdings”), a company whose shares are listed on The Stock Exchange of Hong Kong Limited (stock code: 02423.HK). During his tenure at Tongchuangjiuding and KE Holdings, he promoted and played a key role in a number of investment and mergers and acquisitions activities and accumulated rich professional experience in financial management, investment and mergers and acquisitions and corporate governance.

Mr. Li graduated from Nanjing University in the People’s Republic of China with a bachelor’s degree in management in 2010, and he obtained a master’s degree in business analysis from the University of Connecticut in the United States in 2013 and a master’s degree in corporate governance from the Hong Kong Metropolitan University in 2022. He is now a member of the Association of International Accountant and the Hong Kong Chartered Governance Institute.

Mr. Fang Hongwei (房宏偉), aged 45, was appointed as an independent non-executive Director of the Company with effect from August 26, 2020. He is a member of the Nomination Committee and the chairman of Remuneration Committee. Mr. Fang Hongwei is primarily responsible for providing independent opinion and judgment to our Board.

From February 2009 to February 2016, Mr. Fang Hongwei served as the secretary of the board of directors and legal affairs director at Beijing Jinhe Network Company Limited (北京金和網絡股份有限公司) (a former NEEQ listed company, stock code: 430024). He joined Jingci Material Science Co., Ltd. (京磁材料科技股份有限公司) (a former NEEQ listed company, stock code: 836299) in March 2016 and he is currently a director, the deputy general manager and the secretary to the board there. He is primarily responsible for securities investment and financing, legal compliance affairs, internal control and public relation matters of the company.

Mr. Fang Hongwei received a graduation certificate from China University of Labor Relations (中國勞動關係學院) in July 2004 majoring in laws. He is a qualified independent non-executive director on the Shanghai Stock Exchange and a certified secretary to the board of directors on the NEEQ and Shenzhen Stock Exchange.

Mr. Huang Boyang (黃博揚), aged 38, was appointed as an independent non-executive Director of the Company with effect from March 31, 2023. He is a chairman of the Nomination Committee, a member of Audit Committee and Remuneration Committee. Mr. Huang Boyang is primarily responsible for providing independent opinion and judgment to our Board.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang Boyang joined the international business department of China Credit Trust Co., Ltd. (中誠信託有限責任公司) in 2013, and was responsible for US and Hong Kong stock-related products. From 2016 to 2017, he worked in the corporate business department of Founder Securities Co., Ltd. (方正證券股份有限公司) responsible for M&A and equity financing and other related businesses. Since 2018, he has been a long-term senior consultant of Vechain, a leading global blockchain enterprise application service platform, where he helped the company reach cooperation with a number of internationally renowned enterprises. Since 2020, he has been deeply involved in the field of Web3.0, and has managed two funds and focused on the investment of Web3.0 projects at the same time.

Mr. Huang Boyang received a master's degree in international trade from Frankfurt School of Finance and Management in 2013.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The executive Directors, namely Mr. Zhu Zinan, Mr. Cheng Lin and Ms. Qin Jiaxin, also hold senior management positions of the Group. Please refer to the paragraphs above for their respective biographies.

CORPORATE GOVERNANCE REPORT

The Group's corporate culture aims to create wealth for a large number of Shareholders, drive long-term development through innovation and with concerted efforts, and empower more customers with digital technology and provides more value to users, building the Group into a mobile internet marketing group for full industrial chain and creating values for customers relying on digital technology, with the aim of serving the development of digital economy at home and abroad and sharing the long-term growth of the Company with a large number of Shareholders supporting us.

The Group is committed to maintaining high standards of corporate governance to protect the interests of its Shareholders, improve the corporate values, set the business strategies and policies as well as improve its transparency and accountability. The Company has adopted the principles and code provisions under the Corporate Governance Code as its own corporate governance code.

The Board is of the view that for the year ended December 31, 2025, the Company has complied with all applicable code provisions, except for the deviation from code provision C.2.1 of the Corporate Governance Code. The roles of Chairman and chief executive officer of the Company are not separate and both are acted by Mr. Zhu Zinan. In view of Mr. Zhu's experience, personal profile and his roles in the Group as mentioned above and that Mr. Zhu has assumed the role of chief executive officer of our Group since the Group's incorporation, 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 other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategies 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 the Group in order to assess whether separation of the roles of Chairman of the Board and chief executive officer is necessary. The Directors strive to achieve a high standard of corporate governance (which is of critical importance to our development) to protect the interest of the Shareholders.

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

BOARD OF DIRECTORS

The Board of Directors is in charge of supervising all material issues of the Company and guiding and supervising its issues through senior management. The Board exercises other power, functions and duties under the Articles of Association and all applicable laws and regulations (including the Listing Rules). The Board delegates the authority of daily operation and management to the management of the Company, who will implement the strategies and guidance determined by the Board.

The Board has appropriate skills and experience required by the business of the Company. The Company has also adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objectives and approaches to achieve Board diversity.

CORPORATE GOVERNANCE REPORT

The main corporate governance duties of the Board include:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance issues of employees and Directors; and
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

As of the date of this report, the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. A balanced mix of executive Directors and non-executive Directors (including independent non-executive Directors) on the Board ensures the independent components of the Board. Non-executive Director and independent non-executive Directors can effectively exercise independent judgment in Board meetings and Board Committee meetings.

As at the date of this report, the Board consists of:

Executive Directors

Mr. Zhu Zinan (*Chairman and Chief Executive Officer*)

Mr. Cheng Lin

Ms. Qin Jiabin

Non-executive Director

Mr. Wang Hongpeng⁽¹⁾ (appointed as a non-executive Director on June 30, 2025)

Mr. Hu Jiawei (resigned as a non-executive Director on June 30, 2025)

Independent non-executive Directors

Mr. Tang Wei (resigned as an independent non-executive Director on November 28, 2025)

Mr. Fang Hongwei

Mr. Huang Boyang

Mr. Li Chenji⁽²⁾ (appointed as an independent non-executive Director on February 10, 2026)

Biographies of the Directors are set out on pages 47 to 50 of this annual report.

Notes:

1. Mr. Wang Hongpeng has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on June 26, 2025, and Mr. Wang has confirmed that he understood his obligations as a director of a listed issuer.
2. Mr. Li Chenji has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on February 6, 2026, and Mr. Li has confirmed that he understood his obligations as a director of a listed issuer.

As announced by the Company on November 28, 2025, Mr. Tang Wei has tendered his resignation as an independent non-executive Director. Following the resignation of Mr. Tang Wei, the number of independent non-executive Directors of the Board is less than three, which resulted in the need for the Company to fulfil the minimum number of independent non-executive Directors required under Rule 3.10(1) of the Listing Rules within three months from the date of resignation of Mr. Tang Wei pursuant to Rule 3.11 of the Listing Rules and the appropriate professional qualifications for independent non-executive Directors as required under Rule 3.10(2) of the Listing Rules. Following the appointment of Mr. Li Chenji as an independent non-executive Director on February 10, 2026, the Company has complied with the requirements under Rule 3.10(1), 3.10(2) and 3.11 of the Listing Rules. For details, please refer to the announcements of the Company dated November 28, 2025 and February 10, 2026.

Save as disclosed above, for the year ended 31 December 2025, the Board at all times met the requirements of Rules 3.10(1) and (2), and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to Rule 3.13 of the Listing Rules, the Company has received the written confirmation of independence of each independent non-executive Director and considered all of them to be independent.

There are no financial, business, family or other material relationships among the members of the Board, members of senior management and between the chairman of the Board and the chief executive.

During the year ended December 31, 2025, the total emoluments payable to the Directors (including fees, salaries, contributions to pension scheme, discretionary bonus, housing and other allowances and other benefits-in-kind) amounted to approximately HK\$3.55 million.

The emoluments of the Directors and senior management are determined after taking into account of salaries paid by comparable companies, the time of commitment and duties of the Directors as well as the Group's results. Details of the emoluments of Directors (including any senior management who also serve as a Director), chief executive and employees, and emoluments of key management personnel for 2025 are set out in note 13 and note 38 to the consolidated financial statements. In addition, pursuant to code provision E.1.5 of the Corporate Governance Code, the emoluments of the members of senior management of the Company (who are not the Directors) by band for the year ended December 31, 2025 are set out below:

CORPORATE GOVERNANCE REPORT

Emoluments of senior management by band	Number of senior management
HK\$500,001-HK\$1,000,000	1
Total	1

Directors have access to the services provided by the joint company secretaries of the Company to ensure that the Board procedures are followed.

JOINT COMPANY SECRETARIES

During the year ended December 31, 2025, Ms. Qin Jiaxin (秦佳鑫) and Ms. Lin Sio Ngo (練少娥) were the joint company secretaries of the Company.

The Company appointed Ms. Lin Sio Ngo (練少娥) (from an external secretarial service provider) as one of joint company secretaries of the Company. Ms. Lin Sio Ngo will assist Ms. Qin Jiaxin in discharging her functions as a joint company secretary. Ms. Lin possesses the qualifications of company secretary as required under Rule 3.28 of the Listing Rules. Ms. Qin Jiaxin was confirmed by the Stock Exchange for her qualification as Company Secretary of the Company under Rule 3.28 of the Listing Rules on September 21, 2023, and Ms. Qin Jiaxin is the main corporate associate of Ms. Lin Sio Ngo.

Pursuant to Rule 3.29 of the Listing Rules, during the year ended December 31, 2025, Ms. Qin Jiaxin and Ms. Lin Sio Ngo have all taken not less than fifteen hours of relevant professional training.

BOARD MEETINGS/GENERAL MEETINGS AND ATTENDANCE OF DIRECTORS

The code provision C.5.1 of the Corporate Governance Code stipulated that the Board should hold at least four regular meetings (roughly one for a quarter) involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the year ended December 31, 2025, the Board held a total of 5 meetings, reviewing and approving issues such as the annual results for the year ended December 31, 2024, the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2025, change of Directors, changes in composition of Board Committees, changes in use of proceeds, the announcements of business update and financial position.

During the Reporting Period, the Company held two general meetings.

The table below sets out the details of attendance of the Directors at the Board meetings and general meetings during the year ended December 31, 2025.

	Attendance at board meetings/board meetings held	Attendance at general meetings/general meetings held
Executive Directors		
Mr. Zhu Zinan (Chairman of the Board and Chief Executive Officer)	5/5	2/2
Mr. Cheng Lin	5/5	2/2
Ms. Qin Jiaxin	5/5	2/2
Non-executive Director		
Mr. Wang Hongpeng (appointed as a non-executive Director on June 30, 2025)	2/2	1/1
Mr. Hu Jiawei (resigned as a non-executive Director on June 30, 2025)	3/3	1/1
Independent Non-executive Directors		
Mr. Tang Wei (resigned as an independent non-executive Director on November 28, 2025)	5/5	1/2
Mr. Fang Hongwei	5/5	2/2
Mr. Huang Boyang	5/5	2/2
Mr. Li Chenji (appointed as an independent non-executive Director on February 10, 2026)	0/0	0/0

Note:

During the year ended December 31, 2025, there was one meeting between the Chairman and the independent non-executive Directors of the Company without the presence of the other Directors.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in code provision A.2.1 of the Corporate Governance Code and determining the corporate governance policies of the Company accordingly. The Board has reviewed the Company's corporate governance policies and practices, the training and continuous professional development of the Directors and senior management, the Company's policies and practices in compliance with the legal and regulatory requirements, standard code and written staff manual and code as well as the disclosure in this corporate governance report.

BOARD COMMITTEES

The Company has established three main Board committees (the "Board Committees"), namely the Audit Committee, Nomination Committee and Remuneration Committee. Each Board Committee operates based on its terms of reference. The terms of reference of Board Committees are available on the Company's website and the Stock Exchange's website.

The Board Committees are provided with sufficient resources to discharge their duties, and may seek independent professional advice in appropriate circumstances (upon reasonable request) at the Company's expenses.

Audit Committee

The Company has established the written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.4 of the Corporate Governance Code.

As of the date of this report, the Audit Committee consists of three members, namely, non-executive Director Mr. Wang Hongpeng and independent non-executive Directors Mr. Li Chenji and Mr. Huang Boyang. Mr. Li Chenji, an independent non-executive Director, is the chairman of the committee and holds the appropriate qualifications or relevant financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are, including but not limited to: (i) to review and supervise the financial reporting, risk management and internal control systems of the Group; (ii) to provide advice and opinions to our Board; (iii) to perform other duties and responsibilities as may be assigned by our Board; (iv) to audit the financial statements of the Company; (v) to oversee the audit process; (vi) to review and approve connected transactions; and (vii) to perform the corporate governance functions of the Company as to comply with the disclosure requirement of the Corporate Governance Code and Corporate Governance Report.

During the year ended December 31, 2025, three Audit Committee meetings were held and the attendance record of the members of the Audit Committee is as follows:

Directors	Attendance/ attendance as required
Mr. Tang Wei (chairman) (resigned on November 28, 2025)	3/3
Mr. Huang Boyang	3/3
Mr. Fang Hongwei (resigned on June 30, 2025)	3/3
Mr. Wang Hongpeng (appointed with effect from June 30, 2025)	0/0
Mr. Li Chenji (chairman) (appointed on February 10, 2026)	0/0

For the year ended December 31, 2025, the Audit Committee has reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staffs' qualifications and experience, the training plan and budget of the accounting and financial reporting departments of the Company), risk management system and procedure, the placement of Shares under general mandates as well as re-appointment of external auditors. The Board did not deviate from any recommendations proposed by the Audit Committee in respect of the selection, appointment, resignation or dismissal of external auditors.

The Audit Committee also reviewed the annual results for the year ended December 31, 2024, the unaudited interim results for the six months ended June 30, 2025 of the Company and its subsidiaries, as well as the audit report prepared by the external auditors in respect of the accounting issues and key investigation results.

Nomination Committee

The Company has established the written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee currently consists of three members, namely, executive Director Ms. Qin Jiaxin and independent non-executive Directors Mr. Huang Boyang and Mr. Fang Hongwei. Mr. Huang Boyang is the chairman of the committee.

The primary duties of the Nomination Committee are, including but not limited to: (i) to review the structure, size and composition (including the skills, knowledge, experience and diversity perspectives) of the Board at least annually, assist the Board in maintaining a Board skills matrix and make recommendations on any proposed changes to the Board to complement the Company's corporate strategies; (ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals from relevant departments nominated for directorships; (iii) to assess the independence of the independent non-executive Directors; (iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the Chairman or chairlady of the Board and the chief executive officer); (v) to periodically review and evaluate the time commitment and contributions of each director of the Company, as well as their ability to fulfill their duties; (vi) to support the Company in periodically evaluating the performance of the Board; (vii) to review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and (viii) to make recommendations to our Board on the appointment and removal of Directors and senior management and on matters of succession planning.

Pursuant to the nomination policy adopted by the Company, the Nomination Committee is responsible for the nomination of Directors and candidates with respect to succession planning for Directors (hereinafter referred to as "**Director Candidates**") to the Board of the Company. Taking account of the appointment, reappointment or re-election of Directors, the Nomination Committee and the Board will continue to perform the appointment of Directors in accordance with the selection criteria and nomination procedures in the nomination policy.

Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. Our Nomination Committee will continue to review the Board Diversity Policy from time to time to ensure its continued effectiveness.

CORPORATE GOVERNANCE REPORT

Director Nomination System

According to the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board, but any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at the meeting. Subject to provisions under the Articles of Association and the Companies Act, the Company may appoint any person as a Director by an ordinary resolution either to fill a casual vacancy or as an addition to the Board. According to the Articles of Association, the Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed.

Selection and Recommendation Criteria

The below is the selection and recommendation criteria adopted by the Nomination Committee during the Reporting Period:

- (a) to assess ethics, integrity and reputation of relevant Director Candidates (including but not limited to conduct appropriate background checks and other verification processes on such candidate);
- (b) to take into account the structure, size and composition of the Board, with reference to the Board diversity policy, and the Company's corporate strategy, with due regard for the benefits of the Board diversity and also the candidate's potential contributions thereto;
- (c) in case of a candidate for an independent non-executive Director, to assess: (i) the independence of such candidate with reference to, among others, the independence criteria as set out in Rule 3.13 of the Listing Rules; and (ii) the guidance and requirements relating to independent non-executive Directors set out in code provision B.3.4 of the Corporate Governance Code and in the Guidance for Boards and Directors; and
- (d) to consider any other relevant factors as determined by the Nomination Committee or the Board from time to time.

Nomination Procedures

The below is the nomination procedures adopted by the Nomination Committee during the Reporting Period:

- (a) All Directors and the Nomination Committee may recommend Director Candidates to the Company for the Nomination Committee's consideration;
- (b) The joint secretaries of the Company shall undertake due diligence on the background of the Director Candidates, obtain their academic qualifications and work certificates, as well as other information and documents required by the Company for the Director Candidates;
- (c) In the context of the appointment of Director Candidates, the joint secretaries of the Company shall convene a meeting for the Nomination Committee, and may consider inviting the Director Candidates to participate in the meeting and answer questions raised by the Nomination Committee regarding the appointment;

- (d) In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall propose and make recommendations to the Board for its consideration, and the Director Candidates shall stand for re-election at the forthcoming general meeting; and
- (e) The Board shall have final decision on all matters concerning the recommendations of Director Candidates for election at the general meetings.

During the year ended December 31, 2025, two Nomination Committee meeting was held and the attendance record of the members of the Nomination Committee is as follows:

Directors	Attendance/ attendance as required
Mr. Zhu Zinan (chairman) (resigned on June 30, 2025)	2/2
Mr. Huang Boyang (chairman)	2/2
Ms. Qin Jiaxin (appointed on June 30, 2025)	0/0
Mr. Fang Hongwei	2/2

For the year ended December 31, 2025, the Nomination Committee has reviewed the structure, number of members and composition of the Board; the nomination policies and the Board Diversity Policy; assessed the independence of the independent non-executive Directors; re-election of the retired Directors; made a recommendation to the Board in respect of the nomination of Mr. Wang Hongpeng as a non-executive Director; and review of changes to Directors and changes in composition of Board Committees.

The Nomination Committee has conducted annual assessment on the independence of each independent non-executive Director.

Remuneration Committee

The Company has established the Remuneration Committee and its written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee consists of three members, namely the independent non-executive Director Mr. Fang Hongwei, executive Director Mr. Zhu Zinan and the independent non-executive Director Mr. Huang Boyang. Mr. Fang Hongwei, the independent non-executive Director, was appointed as the chairman of the Remuneration Committee.

CORPORATE GOVERNANCE REPORT

The primary duties of our Remuneration Committee are, including but not limited to: (i) to make recommendations to the Board on the policy and structure of the Company for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to review and approve the management's remuneration recommendations with reference to the Board's corporate goals and objectives; (iii) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; which should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; (iv) to make recommendations to the Board on the remuneration of non-executive Directors; (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group; (vi) to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (vii) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and (viii) to ensure that no Director or any of his associates is involved in determining his own remuneration.

The Remuneration Committee has adopted the standards set out in code provision E.1.2 of the Corporate Governance Code within its terms of reference.

The Remuneration Committee has reviewed the vesting of Shares under the Joy Spreader International Share Award Scheme during the Reporting Period.

For the year ended December 31, 2025, two Remuneration Committee meetings were held and the attendance record of the members of the Remuneration Committee is as follows:

Directors	Attendance/ attendance as required
Mr. Cheng Lin (resigned on June 30, 2025)	2/2
Mr. Fang Hongwei (chairman)	2/2
Mr. Zhu Zinan (appointed on June 30, 2025)	0/0
Mr. Huang Boyang	2/2

For the year ended December 31, 2025, the Remuneration Committee has discussed and reviewed the service agreements, appointment letters and remuneration policy of the Directors and senior management of the Company, and made recommendations to the Board on the service agreements, appointment letters and remuneration policy of individual executive Directors and senior management in accordance with the requirement in code provision E.1.2(c)(ii) in Part 2 of the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by Directors. The provisions of the Listing Rules relating to compliance with the code of conduct regarding securities transactions by Directors have been applicable to the Company since the Listing Date.

Having made specific enquiry by the Company, all Directors confirm that they have complied with the Model Code during the year ended December 31, 2025.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations. The Company also arranges seminars regularly to provide the Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements. The Directors are provided with updated information on the Company's performance, position and prospects, enabling the Board as a whole and each Director to discharge their duties.

All Directors are encouraged to participate in continuous professional development trainings to develop and update their knowledge and skills. The joint company secretaries of the Company update and provide the Directors with electronic training materials of their roles, functions and duties from time to time.

Based on the information provided by the Directors, a summary of training received by the Directors during the year ended December 31, 2025 is as follows:

	Nature of continuous professional development
Mr. Zhu Zinan	A, B, C and D
Mr. Cheng Lin	A, C and D
Ms. Qin Jiaxin	A, C and D
Mr. Wang Hongpeng (appointed as a non-executive Director on June 30, 2025)	A, C and D
Mr. Hu Jiawei (resigned as a non-executive Director on June 30, 2025)	A, C and D
Mr. Tang Wei (resigned as an independent non-executive Director on November 28, 2025)	A, C and D
Mr. Fang Hongwei	A, C and D
Mr. Huang Boyang	A, C and D

Notes:

A: Attend meetings and/or briefings

B: Make speech at meetings and/or briefings

C: Participate in trainings of Directors provided by the law firms

D: Read documents on various topics, including corporate governance, Directors' duties, Listing Rules, anti-corruption and other relevant laws

BOARD DIVERSITY POLICY

We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. This policy aims to set out the basic principles to ensure that the members of the Board achieve an appropriate balance of diversification in skills, experience and perspectives, so as to enhance the effective operation of the Board and maintain a high standard of corporate governance.

The nomination and appointment of Board members will continue to be on a merit competence basis, based on daily business needs, and taking into account of the benefits of diversity of Board members.

CORPORATE GOVERNANCE REPORT

Pursuant to the Board Diversity Policy, the selection of candidates will be based on a series of diversified categories, with reference to the company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience.

In 2025, the Group formally promulgated and implemented the Diversity Policy for Employees (including Senior Management), committing to building a diverse and inclusive environment that respects differences in race, gender, age and background. This policy not only ensures absolute fairness in recruitment and promotion processes but also elevates diversity and inclusion to a strategic corporate priority through regular oversight by the Board and disclosure mechanisms. We strive to strengthen internal controls and risk prevention through robust institutional safeguards, thereby comprehensively safeguarding the long-term interests of all stakeholders.

The Company recognises and embraces the benefits of having a diverse Board and see increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. We have also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to our Board and the senior management levels. Currently, one of our Directors is female, demonstrating that we have realized gender diversity in our Board. We recognise that the gender diversity at our Board level can be improved given the majority of our Directors is male, and we will continue to ensure gender diversity in the recruitment of middle and senior staff so that our management includes a wide range of genders, thereby allowing a diverse group of potential successors to succeed our Board in due course. As of December 31, 2025, the Group had seven Directors, of whom six (85.7%) were male and one (14.3%) was female. As at December 31, 2025, the Group had 50 employees (excluding senior management) of which 29 (58%) were male and 21 (42%) were female. The Board believes that the Company has achieved gender diversity among its employees and it has set an ultimate goal of achieving gender balance. The Company will continue to implement its diversity policy.

Our Directors have a balanced mix of knowledge and skills, including in management, strategic and business development, research and development, sales and marketing, legal compliance and corporate finance. Our Nomination Committee will review and assesses the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, our Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, professional experience, skills, knowledge, education background, age, gender, culture and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board.

MECHANISM(S) THAT INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD

The Company has appointed the independent non-executive Directors in accordance with the independence criteria as set out in the Listing Rules and has proactively organized our independent non-executive Directors to join in each of the professional committees under the Board, to make sure that the Board and the professional committees under the Board can obtain independent options. Same as other Directors, the independent non-executive Directors have the rights to seek for further data and documents from the management of the Company in respect of the issues discussed at the Board meeting, to facilitate their adequate evaluation and then propose constructive independent views. The Board has annually evaluated the independence of all our independent non-executive Directors in accordance with the independence criteria as set out in the Listing Rules to make sure that they can constantly exercise independent judgement.

The Company has engaged an independent third party to give independent opinions on internal control report, ESG report and other matters, so as to enable the Board of the Company to make better judgement. The affiliated Directors of the Company have abstained from voting on the matter of granting award Shares to the executive Directors under the Share Award Scheme, so as to make sure the independence of the Board in making decisions.

The Board of the Company reviews the implementation and effectiveness of the abovementioned mechanism(s) on an annual basis. For the year ended December 31, 2025, the Board considered these mechanism(s) to be effective.

EXTERNAL AUDITOR

For the year ended December 31, 2025, the Company has appointed HLB Hodgson Impey Cheng Limited as its external auditor. A statement on the reporting responsibility for the financial statements issued by HLB Hodgson Impey Cheng Limited is set out in the independent auditor's report in this annual report.

Details of the fees paid/payable in respect of the audit and non-audit services provided by HLB Hodgson Impey Cheng Limited for the year ended December 31, 2025 are set out in the table below:

Services provided	(HK\$ million)
Audit services:	
Annual audit of the Group's consolidated financial statements	1.40
Non-audit services:	–

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of financial statements, which should give a true and fair view of the state of affairs of the Group and of the results and cash flow for the Reporting Period. The independent auditor's report on the financial statements is set out on pages 132 to 136 in this annual report. In preparing the financial statements for the year ended December 31, 2025, the Directors have selected suitable accounting policies and have applied them consistently, made judgments and estimates that are prudent, fair and reasonable.

Going Concern

The Group achieved a gross profit of HK\$5,206,000 in 2025, representing an increase of 396.19% compared to HK\$1,049,000 in 2024. The Group incurred a net loss of HK\$165,807,000 and had negative operating cash flows of HK\$65,458,000 for the year ended 31 December 2025. The directors are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

a) **Business development**

The Group is actively exploring new business opportunity to enhance the Group's profitability.

b) **Cost control**

The directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring distribution and selling expenses and administrative expenses.

The Audit Committee has also discussed with the management of the Company, reviewed the Group's cash flow projections prepared by management and the measures stated above, and agrees with the management's position and basis, especially on matters involving management's substantial judgments. The Audit Committee agrees that the Group's measures as referred to above are carefully planned and closely monitored, which will significantly improve the Group's financial position if successfully implemented. The Audit Committee also concurs with the Directors' view as to the preparation of the consolidated financial statements of the Company on a going concern basis.

The consolidated financial statements are prepared on a going concern basis. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements of the Company. The statement made by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 134 to 136 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

Risk management and internal control

Adequate and effective risk management and internal control systems are indispensable and important guarantees for the realization of the long-term goals of the Group. They help ensure the effective conduct of the Group's business activities, the authenticity and accuracy of accounting records, and the Group's compliance with relevant laws, regulations and policies.

The Board confirms that it has the ultimate responsibility for ensuring and maintaining sound and effective systems of risk management and internal control to safeguard the Group's assets and Shareholders' rights and interests, and has the responsibility to continuously review the effectiveness of such systems. The Audit Committee, on behalf of the Board, reviews the management's work on the design, implementation and supervision of risk management and internal control systems at least on an annual basis, including the effectiveness of these systems. The Board will also be responsible for overseeing the risks faced by the Group, as well as analyzing, evaluating and determining the level of risk the Group expects and can withstand, and thereby continuously reviewing and improving such systems, implementing policies and formulae that are most suitable for the Group's business, and establishing and maintaining a robust risk management and internal control system. Such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve performance goals, and only provide reasonable but not absolute assurance against material misstatement or loss.

1.1 Risk management organizational structure

The Group is committed to continuously improving the risk management system and organizational structure, and improving the overall risk management and control capabilities through standardised risk management procedures, thereby ensuring the achievement of business objectives and sustainable development. The Group has established the "Risk Control System" and the "Comprehensive Risk Management System", in which the "Three Lines of Defense" risk management model has been established, and the responsibilities of each related party in risk management, risk management related policies and reporting process have been clearly divided and defined. In order to ensure the effectiveness of risk management and internal control systems, the Group has established a risk management structure covering all departments in accordance with the actual situation of the Company under the guidance and supervision of the Board.

1.2 Five guiding principles of our risk management system

Principle of comprehensiveness

- Internal risk control shall cover various businesses, departments and positions, as well as all the links including decision-making, implementation, supervision and feedback, etc.

Principle of continuity

- Each business department shall implement continuous risk control, continuously identify and evaluate the risks in the business, and take corresponding control measures in a timely manner.

Principle of prudence

- The core of internal control is to effectively prevent various risks. All decisions of the Company shall take risk prevention and prudent operation as the starting point.

Principle of mutual checks and balances

- The Company's internal organizational structure shall be designed to form mutual checks and balances mechanism, and reduce the occurrence of risks through checks and balances among different positions.

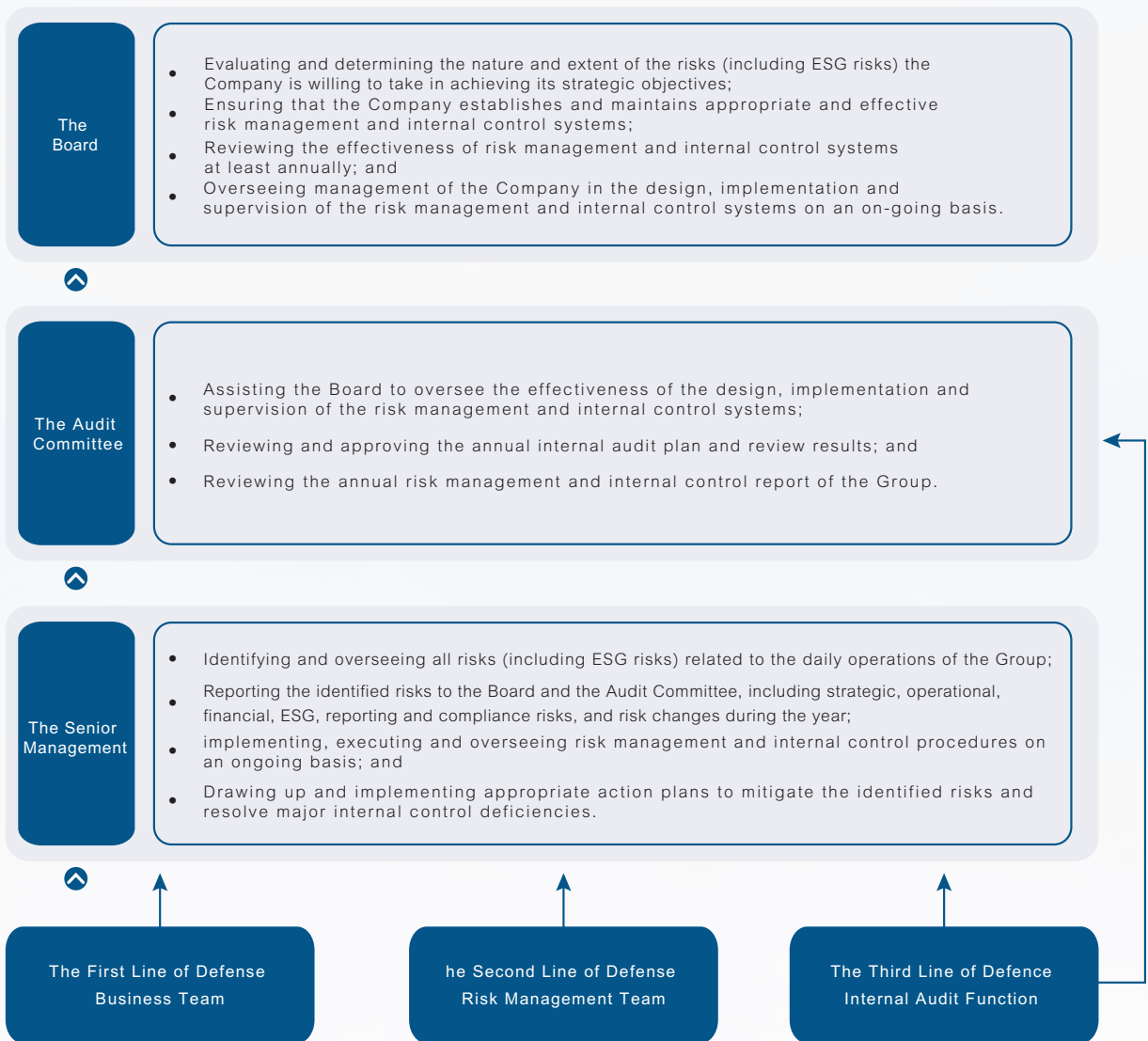
Principle of cost-effectiveness

- The Company uses scientific management methods to reduce operating costs, improve economic efficiency, and maximize the effectiveness of risk control with reasonable cost control.

1.3 Our Group's "Three Lines of Defense" risk management model

Clear responsibilities and sound monitoring measures are essential to managing risks. We have conducted a review of the Group's risk management structure in the past, strengthened the risk management structure based on the results of the review, and handled, allocated and coordinated the Group's risk management and internal control issues through a sound risk management model, thereby deepening and strengthening the Group's internal control ability. The risk management structure of the Group is set out below:

CORPORATE GOVERNANCE REPORT



1.4 Risk management procedures

The Group’s risk management procedures include defining procedures for identifying, assessing, responding to and overseeing risks and their changes. The management of the Group regularly communicates and discusses with each business department, regularly collects the risks identified by each department at the daily operation level, and strengthens their understanding of risk management at the strategic level of the Group to promote two-way communication. The management collects views on risks from different angles and formulates risk coverage so that the risks related to the Group can be identified. Risk identification is a continuous and interactive process that communicates the relevant main risks between the low-level and high-level.



Significant risks are classified into one of the following five categories: strategic risks, operational risks, ESG risks, financial risks as well as reporting and compliance risks. After identifying all relevant risks, the management evaluates the potential impacts and possibility of these risks and handles them in order of importance, and then formulates appropriate internal control measures to mitigate the risks, as well as continuously oversees the effectiveness of the internal control measures and their changes. The management also communicates with the Board and the Audit Committee so that they can oversee at a high level.

The Board has conducted an annual review of the above risks and considers that the current mechanism is effective.

CORPORATE GOVERNANCE REPORT

1.5 Internal audit function

The Board secretariat and finance department of the Company are responsible for the internal audit function of the Group. They are responsible for evaluating and monitoring the effectiveness of risk management and internal control systems, and performing a comprehensive review of all aspects of the Group's activities and systems to review all aspects of the Group's supervision and governance. The Audit Committee reviews and approves the prepared internal audit plan each year. The scope of the review of the plan includes financial information auditing, fixed and intangible asset auditing, contract management auditing, information system auditing, routine internal control program auditing, and emergencies or temporary auditing work, the purposes of which are to assess the reasonableness, compliance and timeliness of the internal control systems of the Group, and to conduct a comprehensive evaluation and test of the Group's internal control environment, operational risks, control activities, etc. The Board secretariat and finance department conduct audits every year according to the approved work plan and report to the Audit Committee the review of the risk management and internal control systems during the year, put forward suggestions for improving the effectiveness of the Group's risk management and internal control systems, and report the main audit findings and the implementation of relevant rectification suggestions.

On the other hand, in order to further strengthen the internal control of the Group, it has also appointed an independent professional consultant ("**Internal Control Consultant**") to conduct an annual review on the effectiveness of the risk management and internal control system for the year ended December 31, 2025. The Internal Control Consultant has reported the findings and improvement suggestions to the Audit Committee, and the management of the Group will continue to closely follow up the relevant rectification measures to ensure that the improvement suggestions are implemented within a reasonable time.

The internal audit function, as one of the important lines of defense of the Group's risk management structure, makes objective assessments of the Group's risk management and internal control systems and reports to the Audit Committee in a timely manner.

The Audit Committee (on behalf of the Board) continuously reviews the Company's risk management and internal control systems, reviews related work reports and key performance indicator information, and discusses major risks with the senior management of the Company. The Board believes that the Company's risk management and internal control systems are effective and adequate during the Reporting Period. In addition, the Board also believes that the internal audit, accounting, financial reporting and other functions of the Group have been performed by employees with appropriate qualifications and experience, and such employees have received appropriate and adequate training and development activities.

1.6 Disclosure of inside information policy

In order to ensure timely, fair, accurate and complete disclosure of inside information and compliance with applicable laws and regulations, the Group has formulated a comprehensive inside information disclosure policy. The Group also implemented the control procedures to ensure the timely handling and release of inside information disclosure, which provides comprehensive work guidelines for Directors, senior management and relevant employees of the Group. At the same time, the Group has also implemented strict internal control procedures to prohibit Directors, senior management and relevant employees from unauthorised access and use of inside information.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with Shareholders and investors will enable a better understanding toward the Group's business and strategies. The Company will continue to provide Shareholders and investors with information disclosure in a high degree of transparency and timely manner so that they can obtain relevant information to make the best investment decisions.

CONVENING OF EXTRAORDINARY GENERAL MEETINGS BY SHAREHOLDERS OF THE COMPANY

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more Shareholders deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company as at the date of deposit of the requisition. General meetings may also be convened on the written requisition of a Shareholder which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong (if the Company no longer maintains such principal office, the registered office), specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company as at the date of deposit of the requisition.

If the Board does not proceed duly within 21 days subsequent to the date of deposit of the requisition to convene the meeting that should be held within a further 21 days from the date of deposit of the requisition, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

PROPOSE RESOLUTIONS AT GENERAL MEETINGS

There are no provisions in the Companies Act or the Articles of Association that allow the Shareholders to propose new resolutions at general meetings. However, the Shareholders who wish to propose a resolution at a general meeting may do so by convening an extraordinary general meeting in accordance with the procedures set out in the paragraph above.

CORPORATE GOVERNANCE REPORT

ENQUIRIES TO THE BOARD AND CONTACT INFORMATION

Inquiries about the Company can be submitted to the Board by contacting the Company or directly raise questions at the annual general meeting or extraordinary general meeting.

The above enquiries and requisitions can be made by the Shareholders by following means:

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

Tel.No.: (+86) 010-87726988

Email: investment@joyspreader.com

Shareholders of the Company could directly contact the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for enquiry of shareholdings.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders. Directors will meet Shareholders and answer their enquiries through annual general meetings and other general meetings.

In order to promote the effective communication with Shareholders and investors, the Company maintains a website (<http://www.joyspreader.com>), where the Company's business update and operations, financial information, corporate governance practices and policies and other information are available for public access.

The Board has considered the above-mentioned shareholder communication policy of the Company and is satisfied that there are effective channels for Shareholders to communicate with and raise concerns about the Company.

In addition, the Company has established various channels of communication with its Shareholders, investors and other stakeholders to enhance investor relations and allow them to understand the Group's results and strategies. Such channels include (i) the publication of annual reports and/or dispatch of circulars, notices and other announcements; (ii) annual general meetings or extraordinary general meetings which provide a forum for Shareholders to present their advices to and exchange views with the Board; (iii) updates and key information of the Group which are available on the Company's website and the website of the Stock Exchange; (iv) the Company's website which provides a channel of communication between the Company and its stakeholders; and (v) the Company's share registrar in Hong Kong which provides services to Shareholders for the registration of all share transfers.

The Company has annually reviewed the shareholder communication policy of the Company on a regular basis, and is of the opinion that the current shareholder communication policy is appropriate and effective.

DIVIDEND POLICY

Subject to the Companies Act of the Cayman Island and the Articles of Association of the Company, the Shareholders of the Company may approve any declaration of dividends in a general meeting, which must not exceed the amount recommended by the Board.

Any dividends the Company pays will be determined at the absolute discretion of the Board, taking into account factors including the Company's general business conditions, financial position, cash requirements and availability, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board deems to be appropriate.

There is no arrangement under which any Shareholder has waived or agreed to waive any dividend.

CONSTITUTIONAL DOCUMENTS

There are no changes to the Company's constitutional documents for the year ended December 31, 2025.

CORPORATE GOVERNANCE PRACTICES

The Company strives to achieve a high standard of corporate governance to protect the interest of its Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the principles and code provisions of the corporate governance Code. The Board is of the view that, for the year ended December 31, 2025, except for the deviation from code provision C.2.1 of the Corporate Governance Code, the Company has been complying with all applicable code provisions of the Corporate Governance Code.

Code provision C.2.1 of the Corporate Governance Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhu Zinan is the Chairman of the Board and the chief executive officer of the Company. Mr. Zhu Zinan has always been a key leader of the Group in the history of the Company's business. He mainly participated in the Group's strategic development, overall operational management and major decision-making. Taking into account the continuous implementation of the Company's business plan, the Directors believe that at the current development stage of the Group, Mr. Zhu Zinan's concurrent post of Chairman and chief executive officer is beneficial to and is in the interest of our Company and the Shareholders as a whole. The Board will review the existing structure from time to time, make necessary changes when appropriate and notify Shareholders accordingly. The Group will continue to review and oversee its corporate governance practices to ensure compliance with the Corporate Governance Code.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITY OF THE BOARD

The Board is responsible for the overall leadership of the Group, overseeing the strategic decisions as well as business and performance of the Group. The Board has delegated to the senior management of the Group the powers and responsibilities for the daily management and operation of the Group. In order to oversee specific fields of the Company's affairs, the Board has established three Board Committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated the responsibilities contained in the terms of reference to the Board Committees.

All Directors (including non-executive Directors and independent non-executive Directors) bring extensive valuable business experience, knowledge and expertise to the Board, enabling it to operate efficiently and effectively. Independent non-executive Directors are responsible for maintaining a high level of regulatory reporting, achieving a balanced Board and making effective independent judgments on corporate actions and operations.

All the Directors must ensure that they act in good faith, comply with applicable laws and regulations and the Listing Rules, and perform their duties in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate insurance coverage for liabilities arising from legal proceedings against the Directors and will review such insurance coverage annually.

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on February 19, 2019 as an exempted company with limited liability under the Companies Act of the Cayman Islands. Shares of the Company were listed on the Main Board of the Stock Exchange on September 23, 2020. The Group is a leading mobile new media performance-based marketing technology company in China.

A list of the Company's subsidiaries and consolidated affiliated entities, together with their places of establishment or incorporation, principal activities and details of their issued shares/paid up capital, is set out in note 40 to the consolidated financial statements of this annual report.

BUSINESS REVIEW

Review and Performance of the Year

A review of the Group's business during the year, a discussion on and analysis of the Group's future business development and the financial and operating key performance indicators used by the Directors in measuring the Group's business performance are set out in the sections headed "Financial Highlights" on pages 9 to 11, "Corporate Profile" on pages 12 to 28 and "Management Discussion and Analysis" on pages 29 to 46 of this annual report.

Environment Policies and Performance

The Group shall comply with the national and local laws and regulations on environment, health and safety in China. The Group has established detailed internal rules on environmental protection. As far as the Group is aware, during the year ended December 31, 2025, the Group complied with relevant environmental and occupational health and safety laws and regulations in China, and no incidents or complaints occurred during the Reporting Period that had a material adverse effect on our business, financial condition or results of operations.

Compliance with Relevant Laws and Regulations

For the year ended December 31, 2025, the Group has established compliance procedures to ensure compliance with applicable laws, rules and regulations that have a significant impact on the Group. The Board and senior management, within their respective scope of responsibilities, together with internal and external professional advisers, monitor policies and practices relating to the Group's compliance with laws and regulations. Changes, if any, in applicable laws, rules and regulations that have a significant impact on the Company will be brought to the notice of relevant employees and relevant business units from time to time. During the Reporting Period, the work of the Board and senior management complied with relevant applicable laws and regulations, the Articles of Association of the Company, charters of the Board Committees, internal policies and the relevant provisions of various internal control systems. Decision-making procedures of the Company are legitimate and effective. Directors and senior management of the Company have performed in a diligent and responsible manner and the resolutions of the Board meetings are implemented faithfully. Meanwhile, the Company has timely performed its disclosure obligations which are in strict compliance with the requirements of the Listing Rules and the Model Code.

DIRECTORS' REPORT

The Group provides and establishes (including but not limited to) pension insurance, mandatory provident funds, basic medical insurance, injury insurance and other statutory benefits for employees in accordance with the laws, regulations and relevant policies of China and other regions in which the Group operates.

As far as the Group is aware, employees of the Group and the Group have complied with all relevant rules and regulations that have a significant impact on the Group for the year ended December 31, 2025.

Key Relationships with Stakeholders

The Group recognizes different stakeholders, including customers, suppliers, Shareholders, employees and other business partners, as the key to the success of the Group. The Group strives to maintain contact and cooperation and establish stable relationship with them to achieve sustainable development of the enterprise.

The Group believes that attracting, recruiting and retaining quality employees is essential. In order to maintain the quality, know-how and skills of the Group's employees, the Group provides regular training to employees, including induction training for new employees, technical training, professional and management training and health and safety training. The Group believes that it maintains a good relationship with its employees and has not experienced any significant labor disputes or difficulties in recruiting employees for its business operations.

Major Risks and Uncertainties and Risk Management

There are certain risks relating to our business and industry, relating to our Contractual Arrangements and relating to doing business in China), many of which are beyond our control. We believe the most significant risks we face include but are not limited to the following:

- (i) we may fail to retain existing marketers and we-media publishers or attract new marketers and we-media publishers;
- (ii) we may be unable to innovate, adapt and respond timely and effectively to rapidly-changing technologies and new market trends in the performance-based we-media marketing services market;
- (iii) the performance-based we-media marketing services industry may fail to continue to develop, or develops or grows at a slower pace than expected;
- (iv) our algorithms for assessing and predicting potential target audience may be or become flawed or ineffective, and our performance-based marketing may fail to deliver satisfactory results;
- (v) we may face limitations on our data collection, or challenges to our right to collect and use such data, which could significantly diminish the value of our services and cause us to lose marketers and we-media publishers; and
- (vi) the data that we collect from marketers and we-media publishers may be inaccurate or fraudulent.

The Company believes that risk management is essential to the efficient and effective operation of the Group. The management of the Company assists the Board in assessing major risks arising inside and outside the Group's business, including operation risks, financial risks, regulatory risks, etc., and actively establishes appropriate risk management and internal control systems in daily management. The financial risk management objectives and policies of the Group are set out in note 35 to the consolidated financial statements of this annual report.

Events After the Reporting Period

1. Appointment of Independent Non-executive Director

Mr. Li Chenji was appointed as an independent non-executive Director, chairman and member of the Audit Committee on February 10, 2026.

2. Cooperation Framework Agreement Entered into between The Company and a Core Cloud and AI Service Platform under a Leading Domestic Internet Company.

On March 11, 2026, the Company has entered into a cooperation framework agreement with the core cloud and AI service platform under a leading domestic Internet company.

I. Overview of Entering into the Cooperation Agreement

In order to deepen its strategic layout in artificial intelligence (AI) and strengthen its core technological competitiveness, the Company has entered into a framework cooperation agreement with the core cloud and AI service platform under a leading domestic Internet company on March 11, 2026. Leveraging the platform's technological strengths in big data, cloud computing and livestreaming, the Company has engaged it to provide technology services including the Doubao large model. The parties will establish a dedicated project team to carry out product solution integration and customised development, so as to facilitate the implementation of technological achievements. The above-mentioned framework agreement shall remain effective until March 31, 2027, and the specific details of the cooperation shall be subject to separate project agreements to be entered into by the parties.

II. Basic Information of the Cooperation Partner

The core cloud and AI service platform under a leading domestic Internet company owns profound technological expertise in cloud computing, AI large models, artificial intelligence generated content (AIGC) and e-commerce livestreaming. Its self-developed Doubao large model, Seedance AI video generation technology and generative engine optimization (GEO) technology framework can provide the Company with full-scenario enterprise-level AI and digital solutions.

III. Core Strategic Significance of This Cooperation

This cooperation marks an important milestone in the Company's advancement of its AI strategy and business transformation and upgrade. Focusing on the implementation of AI, AIGC and GEO technologies, it is of significant strategic importance to the enhancement of the Company's business efficiency and long-term value growth.

(I) AI technology

By introducing the Doubao large model technology framework, the Company has formally connected to a leading domestic AI technology foundation, reducing its reliance on general open-source models and positioning itself among the leading players in the commercial application of AI. Through in-depth customised development, the Company will align large models with its core business scenarios, improve its operational efficiency and delivery quality, consolidate the foundation for intelligent transformation and enhance its technological influence in the AI field.

DIRECTORS' REPORT

(II) Cooperation in relation to Seedance

The Company has simultaneously connected to the Seedance enterprise-level API and become an official testing partner, thereby securing an early-mover advantage in AIGC video technology. It will also empower Shenzhen Yingyi Vision Technology Co., Ltd. (深圳影漪视界科技有限公司) (“**Yingyi Vision**”), a company invested by the Company, to further develop AI photorealistic dramas and AI advertising creatives:

1. to support Yingyi Vision in enhancing the efficiency and quality in AIGC content production, reducing copyright risks and strengthen its core competitiveness;
2. to support Yingyi Vision in becoming a leading AIGC content provider by improving its full-chain layout of “technology – content – monetisation”, forming synergy with the Company’s principal business of accurate marketing and enhancing its influence in the cultural and entertainment sector;
3. to support Yingyi Vision in obtaining priority access to cutting-edge technological iterations, building technological synergy barriers and consolidating its leading position in the AIGC field.

(III) GEO technology

By leveraging GEO (Generative Engine Optimization) technology, the Company has established differentiated advantages in AI traffic operations:

1. empowering algorithmic marketing by using AI technology to optimise the quality of marketing content, and using GEO technology to achieve prioritised recommendation by AI large models and precise traffic targeting, thereby significantly improving marketing conversion efficiency, reducing advertising placement costs and reinforcing the Company’s technological leadership in the accurate marketing sector;
2. supporting overseas business by using cross-border GEO optimisation to match overseas AI platforms and regional user needs, coupled with AI technology to customise localised marketing content, thereby enabling the implementation of overseas accurate marketing and promoting refined profitability of the overseas business;
3. linking up with the AIGC content ecosystem to achieve a closed loop of “content generation – engine optimisation – precise exposure”, further highlighting the Company’s technological advancement and scenario implementation capabilities in the GEO field and consolidating its core advantages in accurate marketing.

(IV) Big data, cloud computing and e-commerce livestreaming

Big data and cloud computing will provide stable computing power and data support for the AI and AIGC businesses, ensuring large-scale content production and efficient operation of the overseas business. By linking up with MARTOP, the overseas e-commerce platform, the Company will explore a new “AI + livestreaming + e-commerce” model to broaden profit channels.

(V) Business development and long-term strategy

This cooperation will empower the Company's principal business of accurate marketing through AI, AIGC and GEO technologies, driving the Company's transformation from a "traffic-driven" model to a "technology + content + service" model and consolidating its leading industry position. At the same time, it will facilitate the accumulation of core technologies and talent, enhance brand influence, align with the development trend of the digital economy, provide support for long-term sustainable development and safeguard the interests of shareholders.

IV. Risk Warning

1. The agreement entered into by the parties is a framework cooperation agreement, and the specific details of the cooperation are subject to further negotiation. Accordingly, there are risks that the scope of cooperation may be adjusted and that the progress may not meet expectations.
2. AI, AIGC and GEO technologies are evolving rapidly, and there is a possibility that the application results may not meet expectations, which may affect the benefits of the cooperation.
3. Intensified industry competition and changes in regulatory policies may adversely affect the cooperation and the business development.

Save as disclosed above, the Group did not have any significant events after the Reporting Period.

DIRECTORS' REPORT

DIRECTORS

The Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors.

The Directors up to the date of this annual reports are:

Executive Directors

Mr. Zhu Zinan (*Chairman and Chief Executive Officer*)

Mr. Cheng Lin

Ms. Qin Jiabin

Non-executive Director

Mr. Wang Hongpeng (appointed as a non-executive Director on June 30, 2025)

Mr. Hu Jiawei (resigned as a non-executive Director on June 30, 2025)

Independent non-executive Directors

Mr. Li Chenji (appointed as an independent non-executive Director on February 10, 2026)

Mr. Tang Wei (resigned as an independent non-executive Director on November 28, 2025)

Mr. Huang Boyang

Mr. Fang Hongwei

In accordance with Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company upon his/her appointment and shall then be eligible for re-election at that meeting.

In accordance with Article 16.3 of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of these articles and the Companies Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company upon his/her appointment and shall then be eligible for re-election at the meeting.

In accordance with Article 16.18 of the Articles of Association, at the annual general meeting for each year of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 or Article 16.3 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereafter. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

In accordance with Article 16.2 and 16.3 of the Articles of Association, Mr. Li Chenji and Mr. Wang Hongpeng shall retire from office at the AGM. Such retiring Directors, being eligible, will offer themselves for re-election at the AGM.

In accordance with Article 16.18 of the Articles of Association, Mr. Huang Boyang and Ms. Qin Jiaxin shall retire from office at the AGM. Such retiring Directors, being eligible, will offer themselves for re-election at the AGM.

No Director proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under normal statutory obligations.

Biography of Directors and Senior Management of the Group

The biographical details of Directors and senior management of the Group is set out in the section headed "Directors and Senior Management" in this annual report.

There has been no change in the information of Directors which is required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Directors' Service Contracts

Each of Mr. Zhu Zinan and Mr. Cheng Lin in the three executive Directors, has entered into a service agreement with the Company with an initial term of three years commencing from the Listing Date, and is subject to termination in certain circumstances as stipulated in the relevant service agreements. Ms. Qin Jiaxin as the other executive Director has entered into a service agreement with the Company on March 22, 2021 and has renewed the service agreement with the Company on March 22, 2024, and have been re-elected at the annual general meeting of the Company held on June 28, 2024 with a term of three years.

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company. The terms and conditions of each of such letters of appointment are similar in all material aspects.

Each of our executive Directors (except for Ms. Qin Jiaxin), non-executive Directors and independent non-executive Directors (except for Mr. Huang Boyang) is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment. Ms. Qin Jiaxin has entered into a

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service agreement with the Company with effect from March 22, 2021, and renewed a service agreement or appointment letter on March 22, 2024. Ms. Qin Jiixin has been re-elected at the annual general meeting of the Company held on June 28, 2024 with a term of three years. Mr. Huang Boyang has entered into a service agreement or appointment letter with the Company with effect from March 31, 2023, and has been re-elected at the annual general meeting of the Company held on June 30, 2023 with a term of three years.

Remuneration of the Directors and Five Highest Paid Individuals

Details of the remuneration of the Directors and five highest paid individuals of the Group are set out in note 13 and note 38 to the consolidated financial statements of this annual report.

During the year ended December 31, 2025, none of the Directors has waived or agreed to waive any emoluments.

Employees and Remuneration Policies

A review of the Group's employees and remuneration policies during the year is set out in the section headed "Management Discussion and Analysis" on pages 29 to 46 of this annual report.

The Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company believes that all independent non-executive Directors are independent under the guidance of the Listing Rules.

The Directors' Interests in Competing Business

As at December 31, 2025, none of the Directors or their respective associates was engaged in or had an interest in any business which competes or might compete with the business of the Group.

The Directors' Interests in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contracts of significance in which a Director or his/her connected entities had a material interest, whether directly or indirectly, subsisted during the Reporting Period or at the end of the Reporting Period.

Connected Transactions

No related party transactions disclosed in note 38 to the consolidated financial statements of this annual report constituted as a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

Save as disclosed below in this annual report, during the year ended December 31, 2025, the Company had no connected transactions or continuing connected transactions which fell to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

CONTRACTUAL ARRANGEMENT

The Group has entered into the Contractual Arrangements with WFOE, Beijing Joyspreader and the Registered Shareholders, to enable us to, among other things, (1) 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; (2) exercise effective control over Consolidated Affiliated Entities; and (3) 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.

I. The Specific Agreements that Constitute the Contractual Arrangements

A brief description of the specific agreements that constitute the Contractual Arrangements is as follows:

1. Exclusive Management and Consultation Service Agreement

Pursuant to the exclusive management and consultation service agreement entered into by Beijing Joyspreader and WFOE on December 11, 2019 (the "**Exclusive Management and Consultation Service Agreement**"), WFOE agreed to be engaged by Beijing Joyspreader as its exclusive provider of management and consultation services, including:

- (1) to formulate the management mode and operation plan of the Consolidated Affiliated Entities;
- (2) to facilitate the construction of enterprise standardization and information management system of the Consolidated Affiliated Entities;
- (3) to formulate market expansion plan of the Consolidated Affiliated Entities;
- (4) to provide services in relation to market research, market survey, research consultation and judgment, and to provide market information to the Consolidated Affiliated Entities;
- (5) to assist the Consolidated Affiliated Entities in establishing complete management of business process;
- (6) to provide management and consultant services in relation to daily operation, finance, investment, asset, credit and debt, human resource, internal informatization, and other management and consultant services;
- (7) to provide management, development, upgrading, renewal and maintenance services of office application system and network system to the Consolidated Affiliated Entities;
- (8) to formulate client maintenance plan for the Consolidated Affiliated Entities and assist them in maintaining the relationships with clients;
- (9) to provide advice and suggestion in relation to asset and business operation of the Consolidated Affiliated Entities;

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- (10) to provide advice and suggestion in relation to the negotiation, execution and implementation of material contracts;
- (11) to provide advice and suggestion in relation to acquisitions and mergers and other expansion plan of the Consolidated Affiliated Entities;
- (12) to provide management of technical support;
- (13) to provide training on staff of the Consolidated Affiliated Entities and to help improve their professional skills; and
- (14) to provide other services from time to time based on the actual business requirement and its capacity.

Pursuant to the Exclusive Management and Consultation Service Agreement, the service fee shall be equivalent to the total consolidated profit after tax of Beijing Joysreader, after offsetting the prior-year loss (if any) and statutory reserve funds (if applicable). Notwithstanding the foregoing, WFOE may adjust the level of the service fee based on the actual service scope and with reference to the operating conditions and expansion needs of the Consolidated Affiliated Entities and send the service fee invoice (“**WFOE’s invoice**”) to Beijing Joysreader within 10 days after receiving the fiscal documents. Beijing Joysreader has agreed to pay the service fee within 7 days after receiving WFOE’s invoice. The service fee shall be paid annually under the direction of WFOE. Although there is payment arrangement contained in the Exclusive Management and Consultation Service Agreement, WFOE shall have the right to adjust the payment schedule and payment terms. Beijing Joysreader agreed to accept any relevant adjustments.

In addition, pursuant to the Exclusive Management and Consultation Service Agreement, without the prior written approval from WFOE, Beijing Joysreader shall not, and shall procure the other Consolidated Affiliated Entities not to, accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the Exclusive Management and Consultation Service Agreement with any third party.

The Exclusive Management and Consultation Service Agreement also provides that (i) all intellectual property rights developed or created by the Consolidated Affiliated Entities during the performance of the Exclusive Management and Consultation Service Agreement, or those intellectual property invented, developed or authorised to be invented by Beijing Joysreader based on services provided by WFOE or from any other means belong to WFOE; and (ii) WFOE is entitled to authorize the Consolidated Affiliated Entities to use such intellectual property rights; (iii) WFOE is authorised to use all existing intellectual property rights owned by Beijing Joysreader and the Consolidated Affiliated Entities on or before the execution of the Exclusive Management and Consultation Service Agreement for free.

The Exclusive Management and Consultation Service Agreement shall remain effective unless being terminated (a) in writing by both parties; or (b) all the equity interest and/or assets of Beijing Joysreader has been legally transferred to WFOE or the nominee(s) designated by WFOE. Nonetheless, WFOE shall always have the right to terminate this agreement by giving a prior written notice of termination 30 days in advance.

2. Exclusive Option Agreement

Pursuant to the exclusive option agreement entered into by WFOE, Beijing Joyspreader and the Registered Shareholders on December 11, 2019 (the “**Exclusive Option Agreement**”), WFOE shall have the rights to require the Registered Shareholders of Beijing Joyspreader to transfer any or all their equity interests in Beijing Joyspreader to WFOE and/or a third party designated by it, in whole or in part at any time and from time to time, at a minimum purchase price permitted under PRC laws and regulations. If not explicitly specified in PRC laws and regulations, the transfer price shall be the nominal price, i.e. RMB1.00. The Registered Shareholders of Beijing Joyspreader have also undertaken that, subject to the relevant PRC laws and regulations, if the consideration is over RMB1.00, they will return to WFOE any consideration that over RMB1.00 they receive in the event that WFOE exercises the options under the Exclusive Option Agreement to acquire the equity interests and/or assets in Beijing Joyspreader.

Pursuant to the Exclusive Option Agreement, the Registered Shareholders and Beijing Joyspreader have undertaken to perform certain acts or refrain from performing certain other acts unless they have obtained prior approval from WFOE, including but not limited to the following matters:

- (1) Without the prior written consent of WFOE, Beijing Joyspreader shall not in any manner supplement, change or alter its constitutional documents or increase or decrease its registered capital or change the structure of its registered capital in other manner;
- (2) Beijing Joyspreader shall prudently and effectively operate its business and transactions in accordance with the good financial and business standards to avoid its liquidation, dissolution and bankruptcy;
- (3) Beijing Joyspreader shall not sell, transfer, create encumbrances or otherwise dispose of any assets, business, legal or beneficial interest of its income or allow any guarantee or security to be created on its assets;
- (4) Beijing Joyspreader shall not terminate or procure the management team to terminate the Contractual Agreements entered into with WFOE, or enter into any contracts or agreements that conflict with the Contractual Agreements without WFOE's prior written consent;
- (5) Beijing Joyspreader shall not incur, take up, guarantee or allow any indebtedness other than those in the ordinary course of business and having been disclosed to and consented by WFOE in writing;
- (6) Beijing Joyspreader shall operate its business in order to maintain its asset value or not allow any acts or omission which adversely affects its business or assets value;
- (7) Without the prior written consent of WFOE, Beijing Joyspreader shall not enter into any material contracts with a value above RMB10 million, except the contracts executed in the ordinary course of business;
- (8) Without the prior written consent of WFOE, the Consolidated Affiliated Entities shall not incur, take up, guarantee any form of indebtedness to any third party nor pledge or allow the encumbrance thereon of any security interest on the shares or any asset of the Consolidated Affiliated Entities;

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- (9) Beijing Joyspreader and its affiliates shall provide its labor, operation and financial information to WFOE or its designated person upon WFOE's request;
- (10) when necessary, Beijing Joyspreader and its affiliates shall only purchase insurances from insurance companies that WFOE recognizes, and the amounts and categorizes of the insurances shall maintain the same with the companies having similar businesses or assets in the same field;
- (11) Beijing Joyspreader and its affiliates shall not separate, or merge, or enter into joint operation agreements with other entities, or acquire or be acquired by other entities, or invest in any entities;
- (12) Beijing Joyspreader shall immediately inform WFOE if its assets, business or income involved in any disputes, litigations, arbitrations or administrative proceedings, and take all necessary measures upon WFOE's requests;
- (13) Beijing Joyspreader shall sign all necessary and appropriate documents, take all necessary and proper acts, bring up all necessary and proper requests, or provide necessary and proper defenses against claims to maintain Beijing Joyspreader and its affiliates' ownership for all the assets;
- (14) if the Registered Shareholders or Beijing Joyspreader fails to perform the tax obligations under applicable laws and results in obstacles for WFOE to exercise its exclusive option right, Beijing Joyspreader or the Registered Shareholders shall pay the taxes or pay the same amount to WFOE so WFOE may pay the taxes instead; and
- (15) Beijing Joyspreader shall not distribute any dividend to its shareholders without WFOE's written consent. Each Registered Shareholder shall inform and transfer all distributable dividends, capital dividend and other asset receivable by him at nil consideration to his designated WFOE or a third party within 3 days of receiving such interests.

The Exclusive Option Agreement commenced on December 11, 2019, being the date of the agreement, until it is terminated (i) in writing by all parties, or (ii) upon the transfer of the entire equity interests of Beijing Joyspreader held by the Registered Shareholders and/or the transfer of all the assets of Beijing Joyspreader to WFOE or its designated person. Nonetheless, WFOE shall always have the rights to terminate this agreement by giving a prior written notice of termination 30 days in advance.

3. Equity Pledge Agreement

Pursuant to the equity pledge agreement entered into by WFOE, Beijing Joyspreader and the Registered Shareholders on December 11, 2019 (the "**Equity Pledge Agreement**"), each of the Registered Shareholders of Beijing Joyspreader agreed to pledge all of their respective equity interests in Beijing Joyspreader to WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the Contractual Arrangements.

Under the Equity Pledge Agreement, Beijing Joyspreader represents and warrants to WFOE that appropriate arrangements have been made to protect WFOE's interests in the event of death, bankruptcy or divorce of the Registered Shareholders to avoid any practical difficulties in enforcing the Equity Pledge Agreement and shall procure any successors of the Registered Shareholders to comply with the same undertakings as if they were parties to the Equity Pledge Agreement. If Beijing Joyspreader declares any dividend during the term of the pledge, WFOE is entitled to receive all such dividends, bonus issue or other income arising from the pledged equity interests, if any. If any of the Registered Shareholders or Beijing Joyspreader breaches or fails to fulfill the obligations under any of the aforementioned agreements, WFOE, as the pledgee, will be entitled to dispose of the pledged equity interests, entirely or partially and WFOE will be paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interests upon notice to the Registered Shareholders. In addition, pursuant to the Equity Pledge Agreement, each of the Registered Shareholders has undertaken to WFOE, among other things, not to transfer his equity interests in Beijing Joyspreader and not to create or allow any pledge thereon that may affect the rights and interest of WFOE without its prior written consent.

The registration of the Equity Pledge Agreement as required by the relevant laws and regulations has been completed in accordance with the terms of the Equity Pledge Agreement and PRC laws and regulations.

The Equity Pledge Agreement takes effect upon the execution date and shall remain valid until (i) all the obligations under the Contractual Arrangements (other than the Equity Pledge Agreement) have been fulfilled; (ii) each of the Registered Shareholders has transferred his equity interests in Beijing Joyspreader in accordance with the Exclusive Option Agreement; (iii) all the agreements underlying the Contractual Arrangements have been terminated; (iv) Beijing Joyspreader has transferred all of its assets in accordance with the Exclusive Option Agreement; and (v) the Equity Pledge Agreement has been unilaterally terminated by WFOE with a prior written notice of termination 30 days in advance.

4. Shareholders' Rights Proxy Agreement

Pursuant to the shareholders' rights proxy agreement entered into by each of WFOE, Beijing Joyspreader and the Registered Shareholders on December 11, 2019 (the "**Shareholders' Rights Proxy Agreement**"), each Registered Shareholder irrevocably appoints WFOE or its designated person, as his attorney-in-fact to exercise such shareholder's rights in Beijing Joyspreader, including but not limited to the following matters:

- (1) to attend shareholders' meetings of Beijing Joyspreader and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;
- (2) to prompt appointed directors to attend board meetings of Beijing Joyspreader and to execute any and all written resolutions and meeting minutes;
- (3) to exercise all shareholder's rights and shareholder's voting rights in accordance with law and articles of association of Beijing Joyspreader;
- (4) to sell and transfer the equity interests of Beijing Joyspreader held by the Registered Shareholders of Beijing Joyspreader and to execute and take any action necessary for such sale or transfer;

DIRECTORS' REPORT

- (5) to dispose any or all of the assets in Beijing Joyspreader;
- (6) to nominate or appoint directors and supervisors of Beijing Joyspreader;
- (7) to determine and take actions for winding-up and dissolution of Beijing Joyspreader; and
- (8) exercise other shareholders' rights as specified in other applicable laws and regulations and the articles of association of Beijing Joyspreader (and its amendments from time to time).

The Shareholders' Rights Proxy Agreement have an indefinite term and will be terminated in the event that (1) the Shareholders' Rights Proxy Agreement is unilaterally terminated by all parties in writing; or (2) all the equity interest or assets has been legally and effectively transferred to WFOE and/or a third party designated by it. Nonetheless, WFOE shall always have the rights to terminate this agreement by giving a prior written notice of termination.

Each Registered Shareholder of Beijing Joyspreader has irrevocably appointed WFOE and/or its designated person as his proxy in accordance with the corresponding Shareholders' Rights Proxy Agreement dated December 11, 2019, with effect from December 11, 2019 until the date of terminating the Shareholders' Rights Proxy Agreement.

5. Spousal Consent Letters and Undertakings from the Registered Shareholders

The spouse of each of the Registered Shareholders, where applicable, has signed an undertaking (the "**Spousal Consent Letter**") to support the Contractual Arrangements and to the effect that (i) he/she acknowledges and consents that the respective Registered Shareholders enter into the Contractual Arrangements and the amendments and termination of the Contractual Arrangements do not require his/her further consents under the Contractual Arrangements; (ii) he/she has no right to or control over such interests of the respective Registered Shareholder and will not have any claim on such interests of the respective Registered Shareholders and Contractual Arrangements; and (iii) he/she undertakes to be bound by the agreements under the Contractual Arrangements (as amended from time to time) in the event that he/she for any reason obtains any equity interests in Beijing Joyspreader as the relevant Registered Shareholder's spouse.

Each of the Registered Shareholders undertakes to WFOE that, in the event of death, divorce, bankruptcy, liquidation or other circumstances regarding the Registered Shareholders which may affect the exercise of its/his/her direct or indirect equity interests in Beijing Joyspreader, the Registered Shareholder's respective spouse, successor, liquidator, and any other person/entity which may as a result of the above events obtain the equity interest or relevant rights directly or indirectly shall not prejudice or hinder the enforcement of the Contractual Arrangements.

As of the date of this annual report, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our business through our Consolidated Affiliated Entities under the Contractual Arrangements.

II. Grounds for the Contractual Arrangements

Pursuant to the List of Special Management Measures for the Market Entry of Foreign Investment (2024 Version) 《外商投資准入特別管理措施(負面清單)》(2024 年版)), our business of analyzing, optimizing and distributing internet culture products operated through the Consolidated Affiliated Entities and their respective subsidiaries falls within the definition of internet culture business and subjects to foreign investment restrictions. Since the foreign investments in certain business fields which we currently operate subject to the applicable PRC laws and regulations nowadays, according to the opinion of our PRC Legal Advisors (as defined in the Prospectus), we confirm that the Company cannot hold the Consolidated Affiliated Entities directly through equity ownership.

The Consolidated Affiliated Entities are Beijing Joyspreader and its subsidiaries, each of which was established under PRC laws. Under the Contractual Arrangements, the Restricted Businesses (as defined in the Prospectus) are conducted by the Consolidated Affiliated Entities, while WFOE in turn asserts management control over the business operations of each of the Consolidated Affiliated Entities and derives the economic benefits from the Consolidated Affiliated Entities.

Our Directors (including the independent non-executive Directors) are of the view that the (i) Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business operations, (ii) those transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (iii) many other companies can use similar arrangements to achieve the same purpose.

III. The Development of PRC Foreign Investment Law

On March 15, 2019, the PRC Foreign Investment Law 《中華人民共和國外商投資法》 was approved at the Second Session of the 13th Standing Committee of the National People's Congress, and took effect on January 1, 2020. The Foreign Investment Law replaced the Sino-foreign Equity Joint Venture Enterprise Law 《中外合資經營企業法》, the Sino-foreign Cooperative Joint Venture Enterprise Law 《中外合作經營企業法》 and the Wholly Foreign-invested Enterprises Law 《外資企業法》 to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulated three forms of foreign investment, but does not explicitly stipulate the Contractual Arrangements as a form of foreign investment. The Foreign Investment Law specially stipulated three forms of foreign investment, namely: (1) foreign investors set up foreign invested enterprises in China severally or jointly with other investors; (2) foreign investors acquire shares, equity, properties or other similar interests in PRC domestic enterprise; and (3) foreign investors invest in new projects in China severally or jointly with other investors.

DIRECTORS' REPORT

The Foreign Investment Law does not explicitly stipulate the Contractual Arrangements as a form of foreign investment. If no other laws, administrative regulations, departmental rules or other regulatory documents concerning the Contractual Arrangements are issued and promulgated, the Foreign Investment Law itself will not have any significant adverse operational and financial impact on the legality and effectiveness of the Contractual Arrangements of the Company.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “a foreign investor makes investment in any other way stipulated by laws, administrative regulations or provisions of the State Council”. Therefore, there are possibilities that future laws, administrative regulations or provisions of the State Council may stipulate whether our Contractual Arrangements will be recognised as foreign investment, whether our Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how our Contractual Arrangements will be handled are uncertain. The Company will disclose the relevant updated information as soon as possible if the change in the Foreign Investment Law will have a material and adverse impact on it.

IV. Risks Relating to the Contractual Arrangements

There are certain risks relating to the Contractual Arrangements, including:

- If the PRC government finds that the agreement on setting up a business operation structure in China does not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.
- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership and Beijing Joyspreader or their Shareholders may fail to perform their obligations under the Contractual Arrangements. We may lose the ability to use and enjoy assets held by the PRC Operational Entities (as defined in the Prospectus) that are important to the operation of our business if any of the PRC Operational Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.
- The ultimate shareholder of Beijing Joyspreader may potentially have a conflict of interest with us, which could materially and adversely affect our business.
- If we exercise the option to acquire equity ownership and asset of Beijing Joyspreader, the ownership and asset transfer may subject us to certain limitations and substantial costs.
- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

Our Group has adopted measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and compliance with the Contractual Arrangements, including:

- (1) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

- (2) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (3) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our Company's annual reports; and
- (4) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

V. Listing Rules Implications

The highest applicable percentage ratios under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VI. The Waiver Granted by the Stock Exchange

Pursuant to Rule 14A. 102 and Rule 14A. 105 of the Listing Rules, the Stock Exchange has granted a waiver that the Company, during the period of its Shares listed on the Stock Exchange, (i) strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting an annual cap for the transactions under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as subject to the certain conditions. If any terms of the Contractual Arrangements are amended or we enter into a new agreement with any connected person in the future, we shall comply with Chapter 14A of the Listing Rules to obtain a waiver from the Stock Exchange. These conditions including:

- (1) no changes shall be made without the approval of the independent non-executive Directors;
- (2) no changes shall be made without the approval of the independent Shareholders;
- (3) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities;
- (4) upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, the Contractual Arrangements may be renewed and/or reproduced without obtaining the approval of the Shareholders, on substantially the same terms and conditions of Contractual Arrangements; and
- (5) The Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

DIRECTORS' REPORT

VII. Confirmation from Independent Non-Executive Directors

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried out during the year ended December 31, 2025 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) during the year end December 31, 2025, no dividends or other distributions have been made by Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, (iii) during the year end December 31, 2025, the Group has not entered into, renewed or reproduced any new contracts with Consolidated Affiliated Entities, and (iv) Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group on normal commercial terms or better, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VIII. Confirmation from Auditor of the Company in Relation to the Continuing Connected Transactions

HLB Hodgson Impey Cheng Limited, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. HLB Hodgson Impey Cheng Limited has issued its unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in connection with the Equity Pledge Agreement and the Exclusive Management and Consultation Service Agreement for the year ended December 31, 2025 in accordance with Main Board Listing Rules 14A.56, with an emphasis of matter paragraph in relation to the fact that the Company is not required to establish and announce an annual cap in respect of the continuing connected transactions in connection with the Equity Pledge Agreement and the Exclusive Management and Consultation Service Agreement for the year ended December 31, 2025.

IX. Non-exempted Continuing Connected Transactions

During the Year, the Group carried out the following transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules and were subject to annual review.

Transactions	Parties involved	Continuing connected transactions in relation to	Continuing connected transactions amount for the year ended December 31, 2025	Annual cap for the year ended December 31, 2025
Equity Pledge Agreement entered into among Beijing Joy Spreader Interactive Network Technology Group Co., Ltd (formerly known as Beijing Joy Spreader Interactive Network Technology Co., Ltd, "Beijing Joyspreader"), Joy Spreader Interactive Group Co., Ltd (formerly known as Beijing Joy Spreader Interactive Technology Co., Ltd, "WFOE") and Registered Shareholders	Beijing Joyspreader and its subsidiaries (collectively referred to as the "Consolidated Affiliated Entities") and the holders of equity interests of the Consolidated Affiliated Entities, including WFOE	Dividends or other distributions made by Consolidated Affiliated Entities to the holders of equity interests of Consolidated Affiliated Entities	Nil	Not applicable
Equity Pledge Agreement entered into among Beijing Joyspreader, WFOE and Registered Shareholders	Consolidated Affiliated Entities and the holders of equity interests of the Consolidated Affiliated Entities, including WFOE	Dividends or other distributions made by Consolidated Affiliated Entities to the holders of equity interests of Consolidated Affiliated Entities	Nil	Not applicable
Exclusive Management and Consultation Service Agreement entered into between Beijing Joyspreader and WFOE	Consolidated Affiliated Entities and WFOE	Management and consultation service provided by WFOE to Consolidated Affiliated Entities	Nil	Not applicable

DIRECTORS' REPORT

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

As at December 31, 2025, the interests and short positions of the Directors and the 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 Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Interests in Shares or Underlying Shares of the Company

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

Notes:

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

Interests in Shares or Underlying Shares of Joy Spreader International

Name of Directors	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.
- (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 was 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). The remaining 600 shares were fully vested on September 25, 2025.

Save as disclosed above, as at December 31, 2025, so far as it was known to the Directors or chief executives of the Company, none of the Directors or chief executives of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations 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 in which they have 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.

THE DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' REPORT

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

As at December 31, 2025, so far as it was known to the Directors, the following persons (other than the Directors and chief executives of the Company) had interests and/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.
- (2) Mr. Zhu held 100% interests of ZZN. Ltd. and 90% interests of Laurence mate. Ltd. As at December 31, 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 December 31, 2025, the Directors and chief executives of the Company were not aware of any other person (other than the Directors or chief executives 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.

CONTROLLING SHAREHOLDERS' INTERESTS IN MATERIAL CONTRACTS

No contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholders or any of their respective close associates during the year ended December 31, 2025 or subsisted at the end of the year and no contract of significance for the provision of services by a controlling shareholder or any of its subsidiaries to the Company or any of their respective close associates was entered into during the year ended December 31, 2025 or subsisted at the end of the year.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group's sales to its five largest customers accounted for 82.22% of the Group's total revenue for the year ended December 31, 2025 and 60.54% for the year ended December 31, 2024. Sales to the Group's largest customer accounted for 28.92% of the Group's total revenue for the year ended December 31, 2025, compared to 28.88% for the year ended December 31, 2024.

Major Suppliers

The purchase from the Group's five largest suppliers accounted for 75.91% of the Group's total purchases for the year ended December 31, 2025 and 99.77% for the year ended December 31, 2024. The purchase from the Group's largest supplier accounted for 40.97% of the Group's total purchases for the year ended December 31, 2025, as compared to 54.23% for the year ended December 31, 2024.

For the year ended December 31, 2025, none of the Directors or any of their close associates or Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued Shares (excluding treasury shares), had an interest in any of the five largest customers and the five largest suppliers of the Group.

MANAGEMENT CONTRACTS

During the Reporting Period, the Company did not enter into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group.

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company during the year ended December 31, 2025.

PERMITTED INDEMNITY OF DIRECTORS

According to the Articles of Association, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses incurred or sustained by him/her in the performance of his/her duties or in the execution of his duties on trust or otherwise incurred or sustained. For the year ended December 31, 2025, the Company has arranged appropriate liability insurance for the Directors of the Group.

RESULTS

The Group's results for the year ended December 31, 2025 and the Group's financial position as at that date are set out in the consolidated financial statements on pages 137 to 140.

DIRECTORS' REPORT

DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended December 31, 2025 (2024: nil).

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Reporting Period are set out in note 31 to the consolidated financial statements of this annual report.

BONDS ISSUED

During the year ended December 31, 2025, the Company has not issued any bonds and convertible bonds.

BANK LOANS AND OTHER BORROWINGS

As of December 31, 2025, the Group did not have any bank loans and other borrowings.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

As of the date of this annual report, the Company has not entered into any loan agreement which contains covenants requiring Controlling Shareholders to pledge Shares or fulfill specific performance obligations.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2025. To the best knowledge of Directors, there was also not any material litigation or claims that were pending or threatened against the Group during the year ended December 31, 2025.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, we did not have any plan for material investments and capital assets.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 32 to the consolidated financial statements of this annual report.

As at December 31, 2025, the Company's reserves available for distribution to Shareholders of the Company amounted to HK\$141,871,000.

CHARITABLE DONATIONS

During the Reporting Period, the Group did not make any charitable or other donations.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 17 to the consolidated financial statements of this annual report.

USE OF PROCEEDS FROM LISTING

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

According to the relevant disclosures as set out in the Prospectus and the above announcements, after deducting underwriting fees, commissions, and related expenses payable by the Company, and following the waiver by one of the international underwriters of approximately HK\$21.84 million in underwriting fees that the Company was required to pay to such international underwriter pursuant to the international underwriting agreement, the Company raised net proceeds from the global offering of approximately HK\$1,520.67 million.

On August 28, 2025, the Board resolved to further change the use of the unutilized proceeds (the "**Third Reallocation**"). The following table sets out a summary of the intended uses and the proposed change in the use of the unutilized proceeds according to the Third Reallocation, and the breakdown of the use of the net proceeds from Listing after the Third Reallocation as of December 31, 2025.

DIRECTORS' REPORT

The intended use of the net proceeds as described in the Prospectus	Unutilised	Utilised	Unutilised	Proceeds upon Third Reallocation	Approximate percentage of updated net proceeds upon Third Reallocation	Utilised	Unutilised	Expected timetable for unutilized proceeds from Listing upon Third Reallocation
	proceeds upon Second Reallocation as of January 1, 2025	proceeds from Listing upon Second Reallocation from January 1, 2025 to June 30, 2025	proceeds from Listing upon Second Reallocation as of June 30, 2025			proceeds from Listing upon Third Reallocation as of December 31, 2025	proceeds from Listing upon Third Reallocation as of December 31, 2025	
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	
The net proceeds to develop artificial intelligence (AI) technology models research and development and AI computing power	–	–	–	140.21	79.43%	4.39	135.82	To be utilized within approximately three years from September 1, 2025
The net proceeds to develop our culture business	49.87	13.57	36.30	36.30	20.57%	0.76	35.54	To be utilized within approximately three years from September 1, 2025
The net proceeds to develop our short-form video mobile new media monetization business	37.14	–	37.14	–	–	–	–	–
The net proceeds to continue to strengthen our capabilities in performance-based mobile new media marketing services	67.36	13.53	53.83	–	–	–	–	–
The net proceeds to finance our international expansion	109.24	60.00	49.24	–	–	–	–	–
For our working capital and general corporate purposes	0.19	0.19	–	–	–	–	–	–
Total	263.80	87.29	176.51	176.51	100.00%	5.15	171.36	

Reasons for and Benefits of the Change in Use of Proceeds from Listing

Strategically reallocating the unutilized net proceeds to focus on the Group's development of AI technology model R&D and computing power, aligning with the Group's recent market deployment and business development direction in artificial intelligence and algorithm model upgrades for the marketing business. The Group will leverage the strengthened cooperation with central enterprises to optimize the Group's domestic marketing algorithm technology and digital capabilities, facilitating the Group's commercial achievements in the artificial intelligence field.

Additionally, based on more than ten years of technology accumulation, with massive marketing data screening and collection capabilities and algorithm model R&D capabilities as the foundation, combined with advanced domestic and foreign AI large models, the Group invested in the R&D of the Group's proprietary computing power, a proprietary AI model knowledge base, and proprietary AI vertical models, enabling the Group to preliminarily complete the transition from an algorithm-driven marketing technology company to a vertical AI model-driven company.

The Group will reallocate the remaining 79.43% of the unutilized net proceeds toward the development of AI technology R&D and AI computing power, aiming to further enhance its marketing algorithm technology and digital capabilities, accelerate the Group's vertical AI model-driven transformation, and create long-term value for shareholders by improving efficiency and consolidating market position in a rapidly developing market environment.

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

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend the AGM of the Company to be held on June 26, 2026 (Friday), the register of members of the Company will be closed from June 23, 2026 (Tuesday) to June 26, 2026 (Friday), both days inclusive, during which period no transfer of Shares of the Company will be effected. In order to be entitled to attend the AGM, all share transfer documents accompanied by the relevant Share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on June 22, 2026 (Monday). Shareholders whose names appear on the register of members of the Company on June 26, 2026 (Friday), being the record date of the AGM, will be entitled to attend and vote at the AGM.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES OF THE COMPANY

During the twelve months ended December 31, 2025, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities (or sales of treasury shares (if any)). As at December 31, 2025, the Company did not hold any treasury share.

SUFFICIENCY OF PUBLIC FLOAT

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

TAX RELIEF AND EXEMPTION

To the best knowledge of the Directors, none of the Shareholders is entitled to any tax relief and exemption by reason of their holding of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the law of Cayman Islands being the jurisdiction in which the Company is incorporated under which the Company would be obliged to offer new Shares on a pro-rata basis to existing Shareholders.

AUDITOR

Deloitte Touche Tohmatsu ("Deloitte") has resigned as the auditor of the Company with effect from November 20, 2025. Since December 10, 2025, HLB Hodgson Impey Cheng Limited ("HLB") has been appointed as the new auditor of the Company to fill the casual vacancy following the resignation of Deloitte.

As at December 10, 2025, the Company has appointed HLB Hodgson Impey Cheng Limited as the auditor of the Company for the year ended December 31, 2025. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditor of the Company will be proposed at the forthcoming AGM for the approval of Shareholders.

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

Beijing, China
March 31, 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THIS REPORT

1. Reporting Scope

This report covers Joy Spreader Group Inc. and its affiliated units. For the convenience of expression, terms such as “Joy Spreader Group,” “the company,” “we,” “the group,” and “our company” are also used throughout the report.

2. Time Range

This report covers the period from January 1st, 2025 to December 31st, 2025

3. Basis for Preparation

This report is prepared in compliance with the *Environmental, Social, and Governance Reporting Guide (Appendix C2)* under the Listing Rules on The Stock Exchange of Hong Kong Ltd. (“**HKEX**”), and refers to the *National Standard of the People’s Republic of China GB/T 36001-2015 Guidelines for Social Responsibility Reporting*.

4. Source of Data

The information used in this report comes from the company’s official documents, statistical reports or relevant public information. The financial information in the report is in CNY, unless otherwise specified.

5. Report Acquisition

The electronic version of the report is released. You can log in to the “Investors” column of Joy Spreader Group Inc. to download the electronic version of the report.

6. Feedback

If you have questions about this report or require a paper copy, please contact us by email investment@joyspreader.com.

7. Contact Information

Investor Relations: investment@joyspreader.com

Address: Area A, Building T18, Jiuxianqiao Dentsu Creative Park, Chaoyang District, Beijing

Tel: 010-87726988

II. CHAIRMAN'S STATEMENT

Looking back at 2025, the deep integration of the digital economy and artificial intelligence has reshaped the precision marketing ecosystem, with downstream traffic platforms fully entering the AI era and industry consolidation accelerating at a brisk pace, exposing the Group's traditional businesses to severe challenges. Faced with the sweeping changes in the market landscape, we refused to passively react to fluctuations; instead, we took proactive steps to drive transformation and pursue holistic innovation. We systematically advanced upgrading and transformation across three core dimensions – strategic layout, technological infrastructure and capital management – while also deepening our development in corporate governance, social responsibility and green vision. Through all-round breakthroughs and practical actions, we have reshaped the core of our development and laid a solid foundation for the Group to achieve sustainable, high-quality growth.

Strategic Dimension: Anchoring high-growth tracks and building a new growth paradigm through multi-dimensional business synergy

Adopting the core strategy of “stabilising existing businesses and pursuing breakthroughs in incremental growth”, the Group has proactively responded to the AI-driven transformation of the industry and completed the synergistic layout of three core business segments. The AI Marketing segment focuses on high-margin tracks such as short dramas and trendy toys, leveraging technological advantages to tap into traffic dividends. The AI Overseas Marketing segment adopts an asset-light model to deepen its presence in the Southeast Asian market, focusing on the overseas distribution of short dramas and the promotion of non-3C categories to achieve risk-controlled incremental expansion. Bolstered by the mixed-ownership reform with a central state-owned enterprise, the Cultural Business segment capitalises on policy dividends to lay out a diverse range of areas including digital assets and film investment, unlocking entirely new profit potential. Bound together by technology, the three business segments achieve in-depth linkage: they solidify the Group's core cash flow through mature businesses and open up the ceiling for long-term growth via the layout of high-growth tracks, forming a strategic closed loop of “technology empowerment + resource support + market adaptation”.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Technological Infrastructure Dimension: Forging three irreplicable technological moats to reshape core competitiveness and achieve the leap from algorithm-driven to generative technology-driven.

With technological infrastructure innovation at the heart of its transformation, the Group has built three irreplicable technological moats of “AI Marketing + AIGC + GEO”. By upgrading AI marketing algorithms, we have completed the full-chain AI transformation to adapt to the dynamic multi-modal tagging rules of platforms, optimising ad delivery performance to its fullest potential. We have independently developed an AIGC engine, shifting content production from human-driven to computing power-driven, which has drastically boosted creation efficiency and reduced costs. We have also made a forward-looking layout in GEO technology to seize traffic entry points in the AI era, enhancing the weight and credibility of clients’ content in AI retrieval results. Meanwhile, we have completed the construction of proprietary computing power and the establishment of an AI marketing model knowledge base, and carried out vertical model training for core business scenarios. This has broken the reliance of traditional algorithms on historical data, providing a robust technological foundation for the intelligent transformation of all the Group’s businesses.

Capital Management Dimension: Focusing on profit recovery and efficiency optimisation to consolidate the capital foundation for sustainable development.

Taking asset-light transformation as its core direction, the Group has optimised capital allocation and its operating structure to enhance risk resilience and profit expectations. By divesting low-margin attributes of traditional businesses and focusing investment on high-value-added technical services and high-growth tracks, we have reduced operational risks and capital occupation. We have retained mature, cash flow-stable businesses such as marketing agency services and advertising top-up services to provide financial support for technological R&D and incremental business expansion. With the Open Claw intelligent agent as the core, we have advanced the upgrading of global operation and management, optimising full-chain operational efficiency and cutting administrative costs. A series of capital optimisation measures have not only improved operating cash flow but also reshaped the Group’s business profit structure, laying a solid foundation for the Group’s valuation to revert to its fundamentals and realise long-term value growth.

Corporate Governance: Transparency and Inclusion, Laying the Foundation of Trust

The Group firmly believes that an outstanding governance structure is the cornerstone of a company’s enduring success. We have continuously refined a transparent, fair and forward-looking governance framework. In 2025, the Group officially issued and implemented the *Diversity Policy for Employees (Including Senior Management)*, striving to build an inclusive environment that respects differences in ethnicity, gender, age and background. This policy not only ensures absolute fairness in recruitment and promotion processes, but also elevates diversity and inclusion to the level of corporate strategy through the Board’s regular oversight and disclosure mechanisms. Through robust institutional safeguards, we seek to strengthen internal controls and risk prevention, and fully safeguard the long-term interests of all stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Responsibility: People-Centred, Driving Sustainable Growth

We regard our employees as the Group's most valuable asset. The Company is committed to promoting equal employment and gender equality, ensuring that all colleagues, including senior management, have access to equitable career development opportunities and diverse training programmes. This enables every member of the Joy Spreader team to realise their personal value in an inclusive workplace culture. Meanwhile, Joy Spreader Group has deeply integrated corporate social responsibility into its core businesses: we leverage technological means to support rural revitalisation and educational equity, and actively participate in the protection of cultural diversity. While pursuing economic benefits, we are dedicated to creating more positive and sustainable social well-being.

Green Vision: Low-Carbon Marketing, Safeguarding a Better Future

Amid its digital economic transformation, Joy Spreader Group has actively practised the concept of *low-carbon marketing*. In 2025, we promoted the full digitalisation and decarbonisation of our office environment with the aim of reducing resource consumption. We firmly believe that technological progress should not come at the expense of the environment. The Group will continue to explore the integration of green innovative technologies and eco-friendly marketing solutions, leading the industry towards a sustainable, green and low-carbon development path, and co-building a green ecosystem with all stakeholders.

III. DIGITAL EXPANSION

1. About Joy Spreader Group Inc.

1.1 Company Introduction

Joy Spreader Group Inc. is an algorithm-driven new media marketing technology group, focusing on providing innovative and efficient marketing solutions. The successful listing of the company on the Main Board of The Stock Exchange of Hong Kong Ltd. ("**HKEX**") on 23 September 2020, marked an important milestone in the development of the group. With its excellent technical strength and market insight, Joy Spreader occupies an important position in the new media marketing industry.

With over a decade of dedicated technological development, Joy Spreader has built its foundation on robust capabilities in massive marketing data processing and algorithm research and development. Integrating advanced AI large models, the Group has completed the construction of proprietary computing power, the establishment of an AI model knowledge base, and the training of vertical domain models, achieving a strategic evolution from an **algorithm-driven** entity to one powered by **vertical AI marketing models and generative technologies**.

The Group has established a synergistic portfolio covering three core business segments. The AI marketing segment serves as the core source of revenue, encompassing existing businesses such as marketing agency and advertising top-up agency, as well as high-growth tracks including short drama distribution and trendy toy precision marketing. By adopting AI intelligent marketing, GEO (Generative Engine Optimization) and AIGC multi-modal content generation technologies, the segment delivers highly customised and targeted promotion solutions. The AI overseas marketing segment focuses on the Southeast Asian market. Supported by its self-built e-commerce platform MARTOP, the segment adopts an asset-light model to expand short drama exports and overseas promotion for non-3C product categories, fostering a full-link overseas traffic marketing ecosystem. The culture business segment relies on Poly Digi-Entertainment, a central SOE mixed-ownership reform entity, to focus on the in-depth development across short drama and film & television investment, digital asset authentication, AIGC content production, MCN and artist agency, as well as cultural-tourism integration, aiming to explore new profit drivers by capitalising on favorable policy initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Bound together by technology, the three business segments achieve in-depth synergy: the existing businesses solidify the Group's cash flow, while the layout of high-growth tracks and established technological moats lay a solid foundation for the Group's long-term profitable growth.



Mission

Through advanced algorithm technology and pioneering marketing concepts, we create superior marketing value for our clients.



Vision

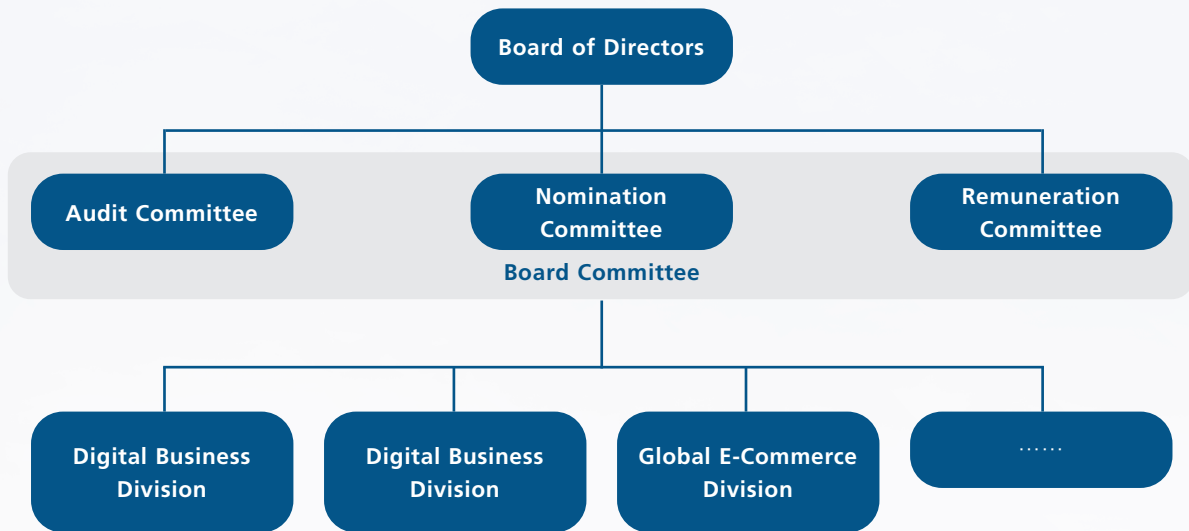
To become a globally leading new-media marketing technology group, harnessing the power of innovation to drive progress in both business and society.

Mission and Vision of Joy Spreader

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.2 Organizational Structure

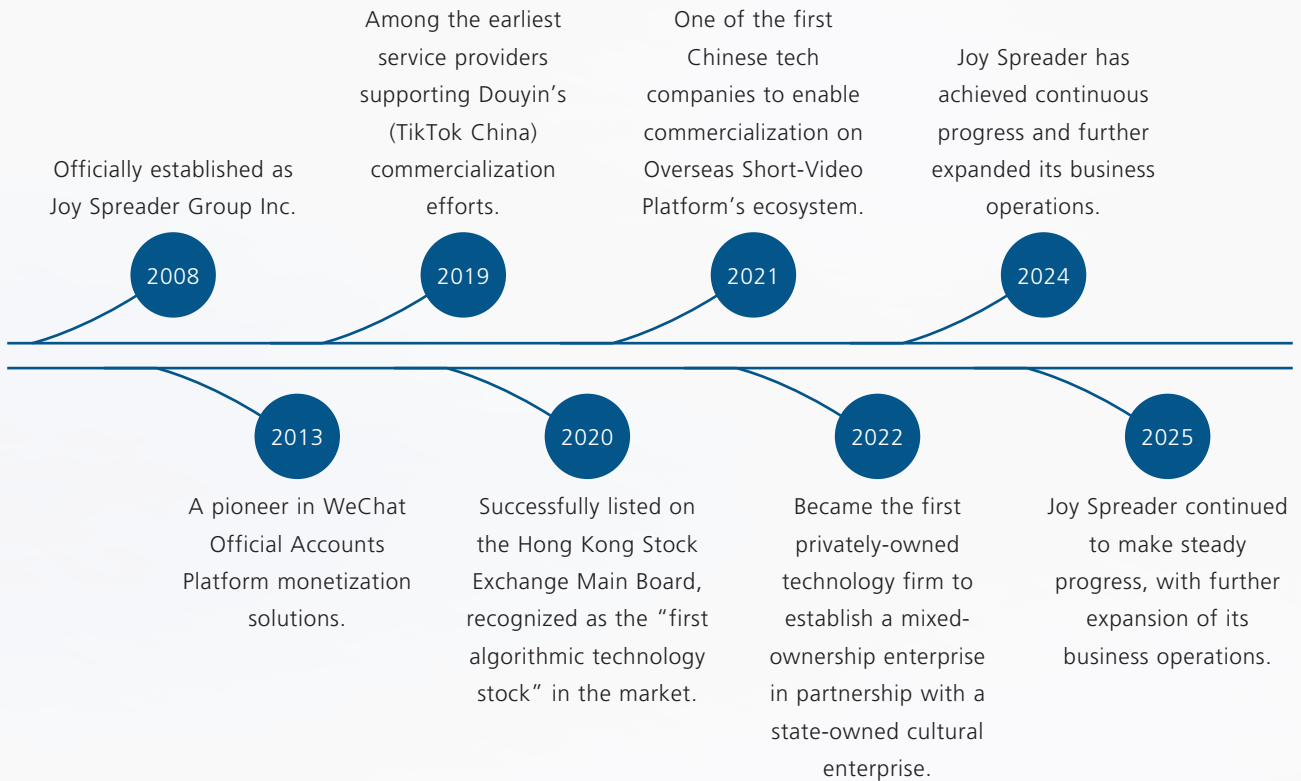
The Board of Directors of the company serves as the highest operating decision-making body of the group and is responsible for formulating the overall strategy and supervising the execution of the management. The Board established three principle board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, to lead the operations of various departments of the group (including the Digital Business Division, the Cultural Business Division, the Global E-commerce Division, etc.). Each board committee is provided with sufficient resources to discharge its duties effectively and is authorised to seek independent professional advice under appropriate circumstances to ensure the professionalism and effectiveness of decision-making processes. This structure aims to strengthen corporate governance, safeguard the interests of shareholders and stakeholders, and promote the sustainable development of the group.



Management Structure of Joy Spreader

2. Corporate history

Development Timeline of Joy Spreader



3. Awards and Honors

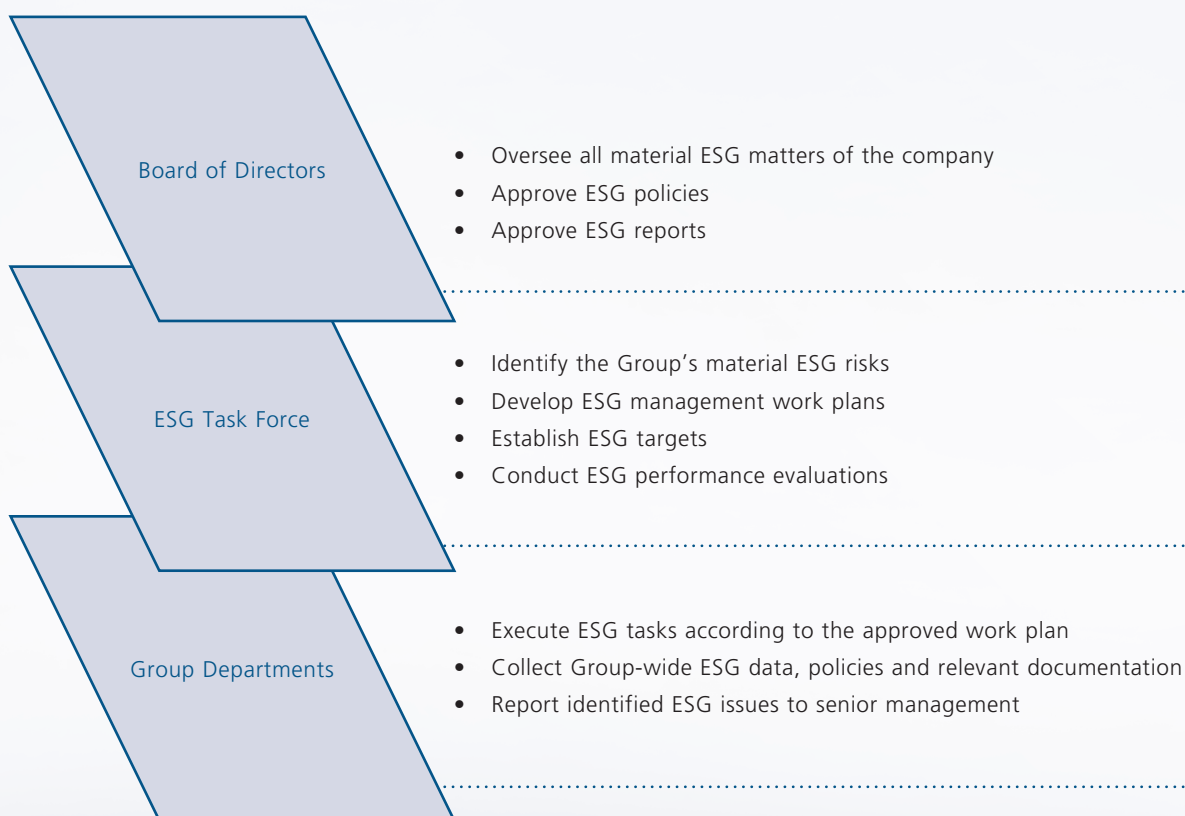
On 4 December 2025, at the First China ESG and Corporate Value Growth Summit Forum, the Company was honoured with the *2025 Hong Kong-Listed Companies ESG Most Promising Award*.



IV. GOVERNANCE FOUNDATION STRENGTHENING

1. ESG Management Mechanism

The company has established a comprehensive ESG (Environmental, Social and Governance) governance structure and implemented a hierarchical management system under the leadership of the board. As the highest decision-making body for ESG matters, the board of directors is responsible for supervising and guiding major ESG issues, approving ESG policies, and finalizing ESG reports. An ESG working group has been established under the Board as the dedicated body responsible for ESG management. Its principal responsibilities include identifying and evaluating the group's major ESG risks, formulating ESG strategic plans and annual work plans, setting ESG performance targets, and conducting ESG assessment and performance evaluation. At the operational level, each functional department of the group, as the primary implementation units for ESG initiatives, is specifically responsible for the implementation of ESG work plans, the collection and compilation of ESG-related data, the transmission and update of ESG policy information, and the regular feedback on ESG work progress and identified issues. This structured governance framework ensures the effective operation of the ESG management system.



The ESG Governance Structure and Responsibilities of Joy Spreader

2. Materiality Assessment

In identifying the material issues for the year, the company conducts analysis of material issues based on the “materiality” principle of the Stock Exchange, starting from the two dimensions of “materiality to stakeholders” and “materiality to the sustainable development of Joy Spreader”, with a view to gaining an in-depth understanding of stakeholders’ concerns and expectations. By making reference to a wide range of ESG issue databases and aligning with Joy Spreader’s development strategy, the company benchmarks against internationally recognised ESG frameworks and standards, including but not limited to the United Nations Sustainable Development Goals (UNSDGs), the ESG Guidelines of HKEX, and the Sustainable Accounting Standards Board (SASB) and MSCI, etc. This approach aims to ensure that the Group’s ESG strategy is in line with international best practices and effectively responds to the needs of stakeholders to facilitate sustainable development.

Through a four-step process comprising external analysis, internal assessment, issue identification, and issue confirmation and validation, the company ultimately identified 25 material issues and developed a materiality matrix. Based on the assessment results, the company formulates and refined sustainable development strategies and goals to drive continuous improvement in ESG performance. This process aims to ensure that the Group’s ESG strategy remains aligned with business development and effectively responds to the expectations and concerns of stakeholders. By continuously optimizing its sustainability strategy, the company is committed to creating long-term value for shareholders and stakeholders while bringing positive impacts to society and the environment.

Environmental Issues	Social Issues	Governance Issues
1. Office Consumables Management	1. Talent Management	1. Corporate Governance
2. Environmental Management System	2. Employee Health and Safety	2. Supply Chain Management
3. Use of Sustainable Materials	3. Employee Training and Development	3. Supplier Assessment
4. Addressing Climate Change	4. Employee Compensation and Benefits	4. Product and Service Quality
5. Wastewater and Waste Management	5. Diversity and Equal Opportunities	5. Responsible Marketing
6. Resource Management	6. Child and Forced Labor	6. Information Security
7. Exhaust Gas Management	7. Compliance with Labor Law Requirements	7. Intellectual Property Rights
		8. Anti-Corruption and Promotion of Integrity
		9. Whistleblowing Mechanism
		10. Greenwashing Risks

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

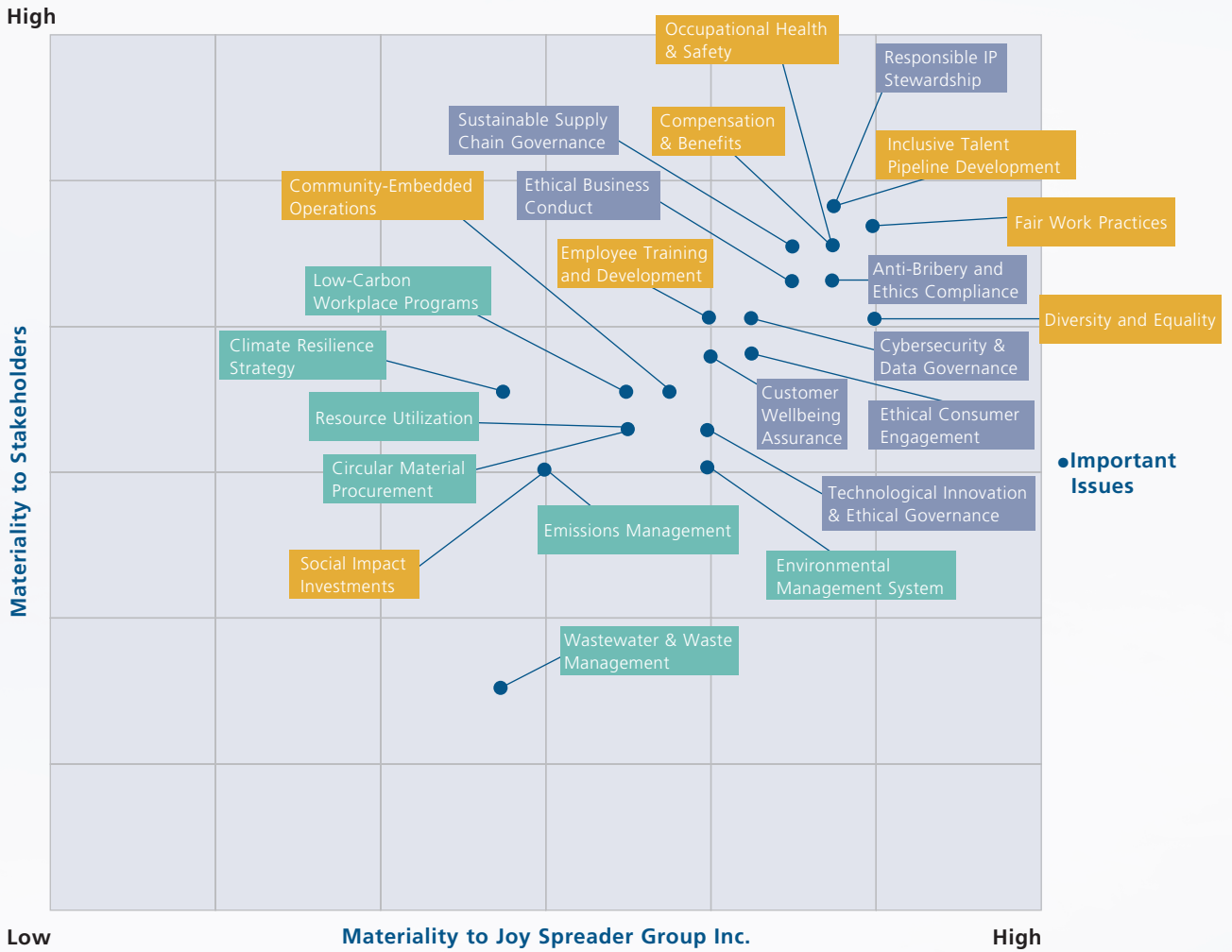
Stakeholder Communication

The company identifies various stakeholders based on industry trends and its own development, engages with them through multiple communication channels to understand their expectations and concerns, responds in a timely manner, and handles them appropriately.

Key Stakeholder	Expectations & Requirements	Response Method	Primary Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> Compliance Operations Return on Investment Risk Management 	<ul style="list-style-type: none"> Shareholders Meeting Information Disclosure External Announcement Investor Reception Performance Briefing Research and Visit 	<ul style="list-style-type: none"> Shareholders Meeting Information Disclosure Performance Briefing Roadshow/Reverse Roadshow Company Official Website Investor Hotline Research and Visit
Government/Regulatory Authority	<ul style="list-style-type: none"> Social and Peoples Livelihood 	<ul style="list-style-type: none"> Compliance with regulations Participate in Meetings Licensing Documents Information Disclosure 	<ul style="list-style-type: none"> Risk Management and Control System Apply for Approval Supervision and Inspection
Client	<ul style="list-style-type: none"> Products and Services Technical Level Customer Satisfaction 	<ul style="list-style-type: none"> Strategic Cooperation Customer Management Customer Service Responsible Marketing 	<ul style="list-style-type: none"> Company Official Website Annual Report Customer Service Hotline and Email Address
Staff	<ul style="list-style-type: none"> Stable Employment Welfare Benefits Workplace Safety 	<ul style="list-style-type: none"> Employee Communication Employee Training and Development Employee Benefits Employee Activities Protection of Employees Rights and Interests 	<ul style="list-style-type: none"> Internal Mail Open and Fair Recruitment Staff Meeting Training Activities
Suppliers	<ul style="list-style-type: none"> Supply Chain Management Sustainability 	<ul style="list-style-type: none"> Supplier Audit Supplier Management Daily Communication 	<ul style="list-style-type: none"> Daily Communication Supplier Audit Assessment
Industry Associations	<ul style="list-style-type: none"> Science and Technology Innovation Sustainability 	<ul style="list-style-type: none"> Industry Cooperation Communication Meetings 	<ul style="list-style-type: none"> Daily Communication Project Cooperation Industry Conferences
Society	<ul style="list-style-type: none"> Support Public Welfare Activities Promote Energy Conservation and Emission Reduction 	<ul style="list-style-type: none"> Green Production Community Contribution 	<ul style="list-style-type: none"> Charity and Public Welfare Activities Social Recruitment Volunteer Activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Issue Matrix of Joy Spreader



3. Anti-corruption and Promotion of Integrity

Joy Spreader has always regarded anti-corruption and upholding integrity as an important cornerstone of corporate sustainable development, and is committed to building a corporate culture of integrity, transparency and responsibility. The company strictly abides by *the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China* and other relevant laws and regulations, and resolutely prevents the occurrence of illegal activities such as bribery, extortion, fraud and money laundering. Through sound internal control mechanisms and staff training programs, the company ensures that all business activities comply with applicable laws, regulations, and ethical standards, and builds a good corporate image for shareholders, stakeholders and the wider community to support sustainable development.

3.1 Anti-corruption Program

In order to prevent illegal acts such as bribery, extortion, fraud and money laundering, the company requires all employees to sign the *letter of commitment for non-benefit transmission*. The letter expressly stipulates that without prior authorisation from the company, employees shall not provide loans or guarantees to business partners in the name of the company. Employees are also prohibited from obtaining loans or facilitating the procurement of loans through business partners without approval (except for normal lending arrangements with licensed financial institutions). At the same time, employees are prohibited from directly or indirectly holding equity interests in business partners (except for investments in publicly traded securities through open market transactions), or from taking up positions, part-time roles, or obtaining any other improper benefits from such entities. In addition, employees are not allowed to accept, whether directly or indirectly, any rebates, cash, gifts in kind, securities, gift vouchers and other valuable items from business partners, nor participate in travel, high-end banquets and other activities arranged by such parties that may compromise the impartial performance of their duties. Where any employee or other individual is found to have engaged in the above-mentioned misconduct, the company will impose disciplinary actions in accordance with applicable laws and regulations as well as its internal policies, and reserves the right to pursue legal liabilities where appropriate.

In 2025, the company provided specialised anti-corruption training to 65 employees, with an average of 2 training hours per employee.

3.2 Anti-Corruption Whistleblowing Mechanism

The Company has formulated and implemented the *Interim Anti-Fraud Provisions*, which are led and administered by the company's anti-fraud reporting acceptance department, namely the secretariat of the Board of Directors ("**Board Secretary's Office**"), to strictly regulate the professional conduct of the company's senior management, middle management and other employees. In the event of any fraudulent misconduct, the company will pursue accountability against the responsible individuals in accordance with applicable national laws and regulations, as well as the company's internal policies. Employees may report suspected fraud through the whistleblowing hotline and email channels set up by the Company. Upon receipt of a report, the company will promptly initiate a formal case filing procedure and establish an investigation team to conduct a thorough review. Individuals found responsible for fraudulent activities will be held accountable in accordance with the law; where suspected criminal offences are involved, the matter will be referred to the relevant judicial authorities. At the same time, the company implements strict confidentiality measures to protect the information of whistleblowers and safeguard them from retaliation, so as to maintain the company's culture of integrity and ensure the fairness of business operations.

In 2025, the Company was not involved in any cases of occupational crime, bribery, extortion, fraud, or money laundering. There were no concluded corruption-related legal proceedings brought by or against the Company or its employees.

Whistleblowing Pipeline

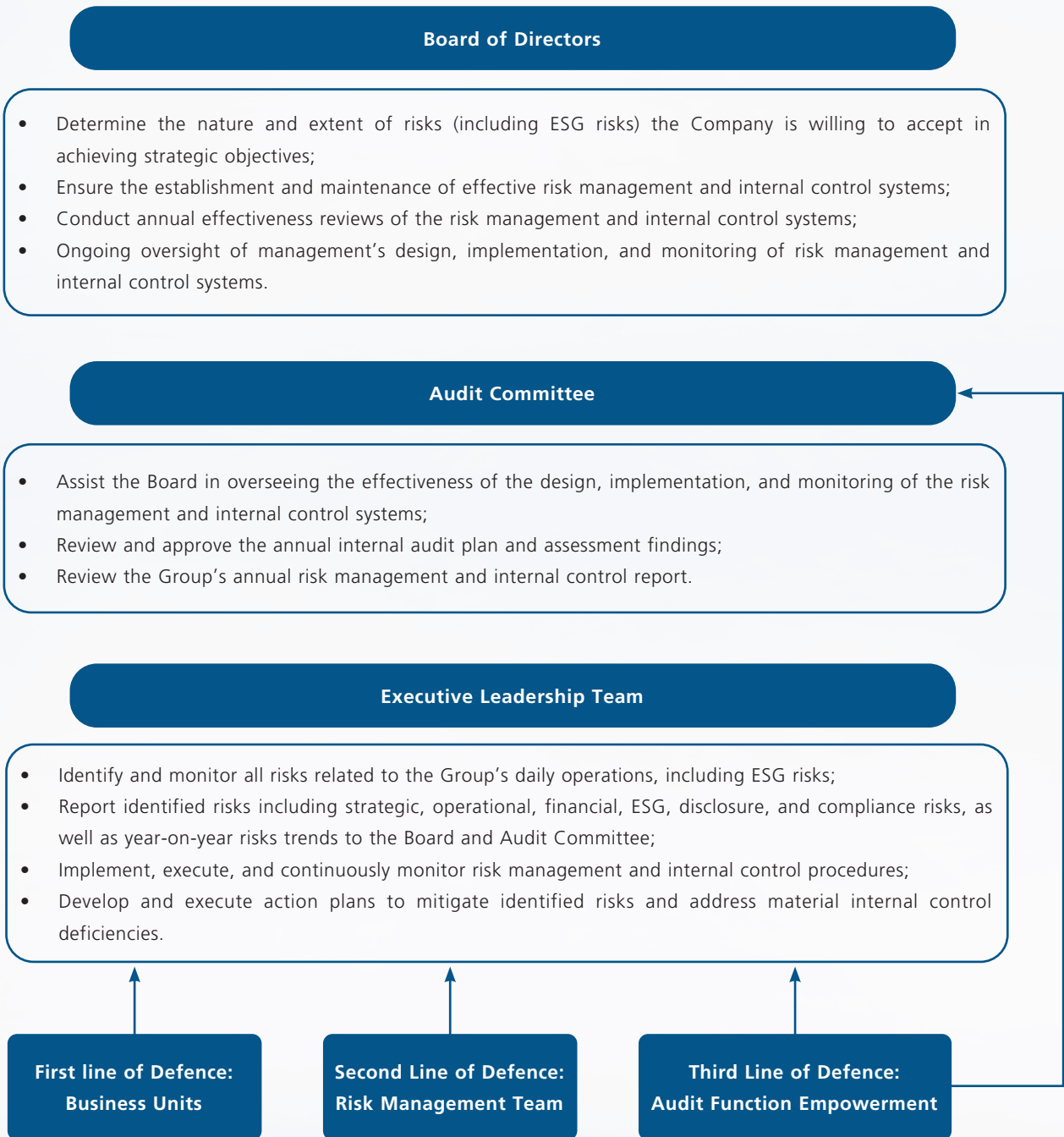
Report hotline: 010-87726988

Email: hr@joyspreader.com

4. Risk Control System

The company has established a three-line risk control system with the Board of Directors serving as the highest decision-making authority, supported by the Audit Committee and senior management. Under this framework, the first line of defence comprises the business teams, which are responsible for identifying and managing risks in the course of daily operations. The second line of defence consists of the risk management team, which focuses on risk assessment, monitoring and reporting. The third line of defence is the internal audit function, which independently reviews and evaluates the effectiveness of risk management and internal control systems. Through the well-established risk management framework, the company effectively handles, allocates and coordinates risk management and internal control matters, thereby continuously enhancing and strengthening internal risk management capabilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Joy Spreader’s three lines of risk management system.

V. COMPLIANT GREEN OPERATIONS

The company attaches places great emphasis on environmental responsibility. In response to environmental challenges, it has comprehensively advanced green and sustainable development initiatives across key areas, including resource utilisation, emissions management, and waste management. In terms of resource utilisation, the company is committed to optimizing resource allocation, improving resource efficiency, and exploring feasible paths to resource conservation and efficient use across all aspects from daily office activities to core business processes. With respect to emissions management, the company closely monitors its carbon emissions profile and has introduced enhanced management measures. By formulating and implementing scientifically grounded emission reduction strategies, the company seeks to reduce greenhouse gas emissions and other pollutants' emissions. Regarding waste management, the company has established a comprehensive system for waste classification, recycling and management system, with the objective of minimising the negative impact of waste on the environment and promoting the resource recovery and reuse. Through sustained investment and proactive efforts in these key environmental areas, the Company steadily advanced its environmental sustainability goals in 2025, making positive contributions to environmental protection and the transition towards a greener economy.

1. Resource Utilisation

The company strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* and other applicable environmental laws and regulations to ensure that its business operations are conducted in accordance with environmental protection requirements. In the field of resource management, the company focuses on energy and water resources management. In terms of energy management, the company proactively addresses transition-related challenges and strengthens monitoring and analytical processes to reduce energy consumption intensity and improve energy efficiency. With respect to water resource management, the company adheres to the principles of sustainability by reviewing water usage processes and enhancing employees' awareness of water conservation, thereby reinforcing the resource foundation for the company's sustainable development. During the Reporting Period, the Company did not record any incidents of non-compliance with environmental laws and regulations.

1.1 Energy Management

As a non-manufacturing enterprise, although the company does not engage in industrial production activities, it has never slackened its management of energy consumption. Through enhanced management measures, the company exercises comprehensive control over its energy use. In office areas, the Company implements stringent energy-saving policies, such as setting standard temperature ranges for air-conditioning systems and displaying reminder notices to switch off lights when not in use. By focusing on everyday operational practices, the company effectively reduces overall energy consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Data Performance:

Items	Energy Consumption	
	Units	2025 Consumption
Gasoline	mWh	106.28
Direct Energy Consumption	mWh	106.28
Purchased Electricity	mWh	191.02
Indirect Energy Consumption	mWh	191.02
Total Energy Consumption	mWh	297.30
Energy Consumption Intensity	mWh/Person	5.95

Note 1: As at 31 December 2025, the company had a total of 50 employees. The relevant data is also used for the calculation of other intensity indicators.

1.2 Water Resource Management

The company consistently regards water resource management as an integral component of its sustainable development strategy. The company advocates water conservation and actively promotes water-saving practices. At its office premises, the company enhances employee's awareness of water conservation by displaying water-saving signage and implementing related initiatives, thereby reducing unnecessary water consumption and minimising waste of water resources.

In 2025, the Company did not encounter any issues in sourcing water that was fit for purpose.

Data Performance:

Items	Water Consumption	
	Units	2025 Consumption
Water Consumption	m ³	1,099.00
Water Consumption Intensity	m ³ /Person	21.98

2. Gas Emission Management

The company attaches great importance to the control of exhaust emissions and greenhouse gas emissions. Within its office premises, the company optimizes the ventilation system to ensure indoor air circulation, effectively reduce the concentration of volatile organic compounds and other exhaust gases, providing employees with a healthy working environment. At the same time, the company actively implements energy conservation and emission reduction measures targeting key sources of greenhouse gas emissions, including electricity consumption from office equipment and business travel. Such measures include promoting paperless operations to reduce energy consumption, advocating green travel practices, and optimising arrangements for official vehicle use, thereby reducing greenhouse gas emissions through a multi-faceted approach.

2.1 Exhaust Emissions

The company focuses particularly on monitoring vehicle exhaust emissions. By conducting a comprehensive review of official vehicles and those used for business travel, the company implements stringent monitoring and control measures over exhaust emissions. In accordance with its planned arrangements, the company will progressively replace existing vehicles with newer models and enhance vehicle dispatch and utilisation management to minimise unnecessary travel mileage. Thus, the company aims to effectively reduce the emission of various pollutants from vehicle exhaust.

Data Performance

Exhaust Emissions		
Items	Units	Emissions in 2025
Nitrogen Oxides (NO _x)	kg	110.24
Sulfur Oxides (SO _x)	kg	0.17
Particulate Matter (PM)	kg	9.93

2.2 Greenhouse Gas Emissions

The Company has identified emissions from official vehicles and electricity consumption as its primary sources of greenhouse gas emissions. In terms of official vehicles, the company accelerates the replacement of older fuel-powered vehicles with clean energy vehicles, and optimises travel routes to reduce driving mileage and idling time to lower exhaust emissions. Regard electricity consumption, the company promotes green office practices and encourages employees to develop energy-saving habits, with a view to reducing carbon emissions and steadily advancing its emission reduction targets.

To further enhance our decarbonisation efforts, the Company has commenced the identification and assessment of Scope 3 emissions. The company plans to progressively disclose its value chain emission reduction performance to the public, thereby fostering collaborative decarbonisation initiatives with suppliers and business partners.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Data Performance

Greenhouse Gas Emissions		
Items	Units	Emissions in 2025
Scope I	Tons of CO ₂ equivalent	30.79
Gasoline	Tons of CO ₂ equivalent	30.79
Scope II	Tons of CO ₂ equivalent	110.35
Purchased Electricity	Tons of CO ₂ equivalent	110.35
Total CO ₂ Emissions	Tons of CO ₂ equivalent	141.14
CO ₂ Emission Intensity	Tons of CO ₂ Equivalent/Person	2.82

Notes:

1. Scope 1 greenhouse gas emissions primarily arise from gasoline consumption by vehicles. The relevant emission factors are sourced from the Sixth Assessment Report (AR6) (2021) issued by the Intergovernmental Panel on Climate Change (IPCC).
2. Scope 2 GHG emissions represent emissions from the consumption of purchased electricity by the Company. The relevant emission factors are derived from the *Announcement on the Release of the 2024 Electricity Carbon Footprint Emission Factors*, jointly issued by the Ministry of Ecology and Environment, the National Bureau of Statistics, and the National Energy Administration of the People's Republic of China.

3. Waste Management

The Company has reviewed its waste generation profile and identified office paper and general domestic waste as its principal waste categories. No hazardous waste was generated during the Reporting Period. In terms of office paper management, the company actively promotes paperless operations and establishes an electronic document management system to reduce the circulation and printing of hard-copy documents. At the same time, double-sided printing is advocated and the company implements the classification and recycling of used paper for secondary uses, such as internal draft printing. With respect to domestic waste, the Group has installed appropriately designated waste sorting bins within office premises to enhance employees' awareness of waste segregation. By promoting proper classification at source, the Company seeks to reduce mixed waste and minimise overall waste generation to the extent practicable.

Data Performance

Waste		
Items	Units	Emissions in 2025
Ordinary Waste	Tons	2.00
Paper	Tons	0.02
Total Non-hazardous Waste Discharge	Tons	2.02
Non-hazardous Waste Emission Intensity	Tons/Person	0.04

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. Addressing Climate Change

The Company actively responds to the national “dual carbon” strategy and the climate disclosure guidelines of HKEX by strengthening policy implementation and advancing green development initiatives. In accordance with applicable climate disclosure requirements, the company conducts a comprehensive assessment of climate-related risks and opportunities. The Board of Directors holds ultimate responsibility for the review and oversight of the relevant risk management processes, thereby ensuring effective risk governance and control. In the following years, the company plans to introduce climate scenario analysis to quantitatively assess the potential financial impacts under different temperature pathways. Through these efforts, the company aims to accelerate its low-carbon transition, capture emerging green opportunities, and make steady progress towards its carbon neutrality goal.

Climate-Related Risks and Opportunities		Potential Financial Impact	Countermeasures
Entity Risks	Acute	<ul style="list-style-type: none"> • Damage to plant infrastructure and increased maintenance costs • Increased costs due to rising employee injury rate • Increased risk of equipment overheating 	<ul style="list-style-type: none"> • Develop an emergency plan • More emergency drills at ordinary times to prevent risks and losses • Regular overhaul and maintenance of equipment
	<ul style="list-style-type: none"> • Extreme weather: typhoons, floods, extreme fluctuations in rainfall 		
Transition Risks	Chronic		
	<ul style="list-style-type: none"> • Average temperature rise 		
	Policy and Legal Risks	<ul style="list-style-type: none"> • Increased compliance costs 	<ul style="list-style-type: none"> • Ensure compliance in daily operations
	<ul style="list-style-type: none"> • Litigation risks 		
Market Risks	Intensified market competition	<ul style="list-style-type: none"> • Increased service costs • Increased market competitiveness leading to lower service prices 	<ul style="list-style-type: none"> • Technological advancements enhances service efficiency and dilutes costs • Reinforce service competitiveness through technological innovation
	Technology Transition Risks	<ul style="list-style-type: none"> • Increased investment costs • Revenue decline due to reduced customers 	<ul style="list-style-type: none"> • Seek for more mature and reliable technological solutions
	<ul style="list-style-type: none"> • Failure in investment direction for new technologies • Low-carbon alternatives to similar services 		
Reputational Risks	Adverse stakeholder evaluations and perceptions	<ul style="list-style-type: none"> • Revenue decline due to share price decrease resulting from reputational damage 	<ul style="list-style-type: none"> • Promote green construction and enhance investor reputation
Climate Opportunities	Products and Services	<ul style="list-style-type: none"> • New technology enables company revenue increase 	<ul style="list-style-type: none"> • Increase R&D investment and accelerate technological iteration
	<ul style="list-style-type: none"> • Customer growth driven by technological upgrades 		

VI. PEOPLE-ORIENTED AND FULFILLING RESPONSIBILITY

Joy Spreader Group Inc. firmly believes that employees are the precious wealth of the company. The company recruits talents through various channels, respects and protects the legitimate rights and interests of employees. It strives to cultivate a workplace that is equitable, safe and characterised by a strong sense of care and inclusion, while providing comprehensive talent development programmes to support employees' professional growth. In terms of supply chain management, the company continues to strengthen management and control, enhance suppliers' awareness of sustainable development, and urges underperforming suppliers to undertake corrective actions, thereby promoting the sustainable development of the supply chain. With respect to customer responsibility, the company ensures the quality of products and services and safeguards customer information security. In addition, the company actively fulfills its social responsibilities, participates in community development, and contributes to social progress.

1. Employee Rights and Development

Joy Spreader attaches great importance to the rights and development of employees and regards it as the cornerstone of the long-term corporate growth. In terms of equal employment, the company upholds the principles of fairness and impartiality, providing equal opportunities to all candidates regardless of gender, age or other differences, and actively attracting talent from diverse backgrounds. To this end, the company has formally formulated and implemented the *Employee (Including Senior Management) Diversity Policy*, which aims to establish the principles of a diverse and inclusive workplace, respect individual differences and ensure that all employees are treated with dignity. In respect of employee welfare, the company has established a comprehensive welfare system, including remuneration packages, comprehensive insurance coverage and paid leave, to improve employees' quality of life. The company promotes diversity and equality, advocates an inclusive culture, and fosters a harmonious working environment in which employees from different backgrounds can thrive. In order to support employee development, the company has formulated a comprehensive training framework, ranging from induction training for new hires to professional skills enhancement courses, to address employees' needs at different stages of their careers. With regard to health and safety, the company is committed to providing a safe office environment and organises regular health check-ups, demonstrating its care for employees' physical and mental well-being. At the same time, we strictly abide by labor standards, prohibit the employment of child labour, ensure reasonable working hours and appropriate workload, and earnestly safeguard the legitimate rights and interests of employees, thereby promoting the growth and development of employees in an all-round way.

1.1 Diversity and Equality

In accordance with the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Employment Promotion Law of the People's Republic of China* and other relevant laws and regulations, the company formulates talent recruitment and management policy. Recruitment activities are centrally organised and implemented by the Human Resources Department, providing institutional support and governance oversight for hiring and employment practices. The company continuously refines recruitment procedures and strengthens disciplinary supervision. We firmly oppose any form of employment discrimination, including discrimination on the basis of gender, nationality, age, race, ethnicity, religious belief, disability, sexual orientation or family status, and is committed to providing all candidates with fair and equitable career development opportunities. During the reporting period, the Group did not record any incidents of discrimination.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The company is committed to fostering a diverse and equitable workplace and has undertaken extensive efforts to safeguard equal treatment of employees. In the recruitment process, the company adopts rigorous and fair hiring standards and strictly prohibits any selection bias based on gender or age, ensuring that candidates of different genders and age groups are provided with equal opportunities to compete for positions. To further strengthen awareness of diversity and inclusion, the company organises thematic training programmes on diversity and inclusion from time to time, supporting employees in achieving their respective career development goals. In addition, the company has established a sound review and monitoring mechanism, under which the Board of Directors periodically reviews the implementation and effectiveness of the relevant policy to ensure that diversity principles are deeply embedded in the company's culture, strategy and business processes. Within promotion system, the company has established a transparent and fair evaluation mechanism, with work performance, professional competence and overall capabilities serving as the core assessment criteria, rather than gender or age. This approach ensures equal access to career advancement opportunities for all employees. Furthermore, in the allocation of training and development resources, the company applies consistent standards and provides employees with equally comprehensive and appropriate training programmes and growth opportunities based on their individual needs and career plans. Through these measures, the company safeguards equal development rights within the organisation and firmly eliminates gender and age discrimination.

Case

During the reporting period, the Company formally implemented a diversity policy applicable to all employees and senior management. Through fair and equitable recruitment, targeted training programmes, and regular oversight by the Board of Directors, the company is committed to fostering a diverse and inclusive workplace that respects individual differences, promotes gender equality, and ensures transparent information disclosure.

Data performance

Number of Active Employees (unit: persons)	
Type	Total
Total Employees	50
By Gender	
Male	29
Female	21
By Age	
Under 30 Years Old	12
30-50 Years Old	35
Over 50 Years Old	3
By Employment Type	
Full-time	50
Part-time	0

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type	Number of Active Employees (unit: persons)	Total
By Position		
Executive		5
Middle Management		9
General Employees		36

During the reporting period, the company's overall employee turnover rate was 50.98%. Details of employee departures are set out below:

Items	Resignations	
	Number of Employee Departures (persons)	Turnover Rate
By Gender		
Male Turnover	18	62.07%
Female Departure	8	36.36%
By Age		
Departure under 30	0	66.67%
Resignation Aged 30-50	25	71.43%
Leaving Over 50	1	33.33%
Overall Turnover	26	50.98%

1.2 Employee Rights and Interests

The Company strictly complies with laws and regulations such as the *Regulations on Paid Annual Leave for Employees and Detailed Rules for the Implementation of the Labor Insurance Regulations* and has established a scientific, well-structured and confidential remuneration system, and formulates policies including the *Remuneration Management System*. Guided by the principles of fairness, competitiveness, incentive alignment, cost-effectiveness, and legal compliance, the company determines employee remuneration by comprehensively considering factors such as internal and external labour market conditions, regional industry differences, job value, and career development pathways. The company provides competitive remuneration packages and employee benefits designed to fully motivate employees, enhance their engagement and creativity, and support the company's sustainable development objectives.

Case

The company's *Remuneration Management System* clearly states that upon fulfillment of assigned duties and responsibilities, employees are subject to performance evaluation based on the results achieved in their respective positions. The corresponding variable remuneration components are determined and paid in accordance with the evaluation outcomes.

1.3 Employee Development and Training

The Company has established specialized talent pools for key business lines and functional segments and carries out systematic training and development initiatives. A structured talent development plan has been formulated to enhance employees' professional competencies and support their career progression and personal growth. For newly hired employees, the company provides onboarding training. In addition, tailored training programmes are designed to address the specific needs of different departments, and regular professional training sessions are conducted to strengthen employees' capabilities in a comprehensive manner.

Case

In 2025, the Company primarily conducted training programmes across three categories:

- General Policy training: including onboarding training for new employees and training on attendance management policies;
- Job Skills Training: mainly training on payment and reimbursement procedures as well as training on the company seal application process;
- Professional Knowledge Training: including financial training and compliance training.

Data performance

Items	Staff Training	
	Units	Condition
Total Number of Trainees	Number of Persons	51
Total Length of Training	Hour	2,448
Training Hours by Gender		
Average Training Time for Men	Hour	1,392
Average Training Hours for Women	Hour	1,056
Training Hours by Position		
Average Training Hours of Executives	Hour	240
Average Training Time of Middle Level	Hour	432
Average Training Hours of Ordinary Employees	Hour	1,824
Proportion of Trainees by Gender		
Proportion of Male Trainee	%	100%
Proportion of Female Trainee	%	100%
Percentage of Trainees by Position		
Proportion of Executives Trained	%	100%
Proportion of Middle-level Trainees	%	100%
Proportion of Ordinary Employees Trained	%	100%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.4 Health and Safety

The Company places a high priority on the health and safety of its employees and strictly complies with relevant regulations, including the *Labor Law of the People's Republic of China*, the *Occupational Disease Prevention and Control Law of the People's Republic of China*, and the *Regulation on Work-related Injury Insurances*, and effectively protects the safety and health rights and interests of employees in the workplace. The company optimizes the health and safety management system, focusing on both policies and execution, to create a safe working environment for employees.

The company has implemented several protective measures to ensure the health and safety of employees. In order to prevent occupational diseases, the company organizes employees to conduct pre-employment and annual on-the-job medical examinations. Based on the results, the company assesses whether employees' health conditions meet the job requirements and establishes occupational health monitoring records. In addition, our company regularly inspects office and fire-fighting equipment to ensure a safe and comfortable working environment. The Group also encourages employees to report potential safety hazards, enhancing all employee's awareness of safety participation and supervision and preventing accidents.

Data performance

In 2025 and the past three years, the company has had no work-related fatalities, and the number of workdays lost due to work-related injuries was zero.

Case

The company has adopted a series of effective measures to safeguard the health and safety of employees. In daily work scenarios, the Group has clearly stipulated that employees must wear surgical masks when entering stores and any premises of the Group, so as to reduce the risk of virus transmission and create a safe working environment for employees. Additionally, taking into account the health status of employees, the company requires sick employees to self-isolate at home to prevent cross-infection, so that employees can recuperate and recover their health with peace of mind.

1.5 Labor Standards

The Company abides by both international and domestic labor standards and maintains a strict zero-tolerance policy regarding the employment of child labor. The company's recruitment and screening mechanism requires a thorough verification of the identity information of all job applicants to ensure that new employees meet the legal working age requirements, thus preventing child labor from entering the workplace at the source. The company rejects any form of forced labor, creates a free and voluntary working atmosphere within the company, respects each employee's autonomy, and protects employees' labor rights and interests from infringement. Through a comprehensive system and daily supervision, we ensure that the company fulfills labor standards and safeguard the dignity and legal rights and interests of employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the event of child labor or forced labor being discovered, the company will hold the responsible individuals accountable in accordance with relevant laws and regulations, while also providing legal protection for the victims as stipulated by law.

1.6 Employee Communication

The company clarifies the importance of employee communication and care to create a harmonious working atmosphere and improve employee satisfaction. To this end, the company has set up open, mutual trust and transparent communication channels, listened to employees' opinions, and practiced human-centered and efficient management approach. By addressing practical issues faced by employees through concrete actions and integrating the concept of "Enjoying Warmth" into daily work, we effectively enhance employees' sense of belonging and promote mutual development between the Company and its employees.

Employee Satisfaction

The company respects and safeguards employees' rights to be informed, participate, elect, and supervise in corporate management. We are committed to improving employee satisfaction and promoting collaborative development between employees and the company. The company has built a comprehensive employee grievance mechanism, with a formal and confidential reporting process, including email channels, ensuring that employee' legal rights are effectively protected at every stage, thereby providing a solid safeguard for employees to work with peace of mind.

2. Company Services and Responsibilities

The company regards service and responsibility as the core of development. In terms of service, the company optimizes processes and improves employee capabilities to improve quality and customer satisfaction. In areas such as advertising, promotion, and project delivery, the company adheres to the principle of authenticity, eliminates falsehoods, and meets the varying needs of different customers through diversified services. At the same time, the company strictly protects customer privacy, strengthens supply chain management, and promotes green development. In addition, the company actively participates in public welfare and fulfills its corporate responsibilities concrete actions.

2.1 Service Quality

The company strictly complies with the Cybersecurity Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and a series of laws and regulations closely related to product safety, advertising and customer privacy. Through compliance management, the company guarantees the quality of products and services and effectively safeguards the interests of customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our company strictly monitors and manages the quality of products that have been sold or shipped to prevent any customer losses. The digital marketing department of our company reviews the product materials prior to launch to ensure that they comply with national laws and regulations; The advertising platform further reviews product quality to ensure product compliance and safety.

As of now, the company has not experienced any product recall incidents related to safety or health issues, nor has it received any complaints related to products or services, which fully reflects the effectiveness and reliability of the company's product and service quality control.

Service Delivery Process

The company has built a standardized and comprehensive advertising delivery process to ensure the efficient coordination across all stages. The process covers key steps such as customer demand analysis, advertising plan optimization, and advertising placement with clear task assignments and responsibility allocations at each stage. Additionally, corresponding operational guideline and standards are formulated. With rigorous processes, our company guarantees the quality of delivery services and helps customers achieve advertising goals.

- **Customer demand analysis:** After the customer places an order, the company's operation team immediately conducts an in-depth analysis of the customer's needs to ensure that the customer's products or services align with the Group's advertising standards. The team will carefully evaluate key factors such as product characteristics, target market, and expected outcomes, and make comprehensive considerations to ensure that the subsequent advertising strategy is effective and lay a solid foundation for accurate advertising placement.
- **Advertising plan formulation:** Once the customers' needs are confirmed to meet the advertising standards, the advertising system of Joy Spreader quickly generates customized advertising plans for the customer's products or services. The solution optimizes multi-dimensional factors such as product characteristics, target audience profile, and competitor landscape to accurately align with market demands. It aims to help advertising achieve the best results and improve the return on investment of customers' advertising campaign.
- **Test Launch:** After the advertising plan is generated, the operation team of our company immediately carries out a test launch to assess the actual effect of advertising. This stage focuses on evaluating key indicators such as advertising conversion rates, user feedback and click-through rates. Through data monitoring and analysis, we accurately determine whether advertisements achieve the expected results in real-world conditions, providing a solid foundation for the official launch and ensuring that advertising delivery strategies are feasible.
- **Official Launch:** If the advertising test launch results is in line with expectations, the company will submit the advertising plan to the supervisor for approval. Once approved, the advertisement immediately enters the official launch stage. During the launch process, the Group continuously monitors the advertising performance in real time, and dynamically adjusts and optimizes the advertising strategy based on actual data and market feedback to ensure the maximum advertising effect and help customers achieve optimal marketing goals.

2.2 Customer Satisfaction

The Company focuses on customer needs and strives to improve customer service quality. During the reporting period, the company did not receive any product or service complaints. The company attaches great importance to customer satisfaction and conducts quality inspections according to customer requirements. If the customer is not satisfied with the company's service, immediate corrective actions are taken, and the service is resubmitted for review until it meets the required standards. This ensures the quality of service and protects customer rights.

Customer Communication Channels

In order to accurately meet customer needs and provide efficient and professional services, the Company has built a dedicated WeChat communication channel to facilitate direct interaction with customers and addressing their issues. At the same time, an email communication route is maintained to ensure that customers can reach out with questions, feedback, or requests for assistance at any time. The company promises to respond to customer demands in a timely manner, give accurate answers with professional knowledge, and is committed to improving customer service experience.

2.3 Respect for Intellectual Property Rights

The company places great importance on the protection of intellectual property rights and regards it as the key support for enterprise innovation and development and market competitiveness. Our company strictly adheres to the *Copyright Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other relevant laws and regulations, and puts an end to infringement from the source. In internal management, the company has established a complete intellectual property management system, and comprehensively registers and strictly protects the company's independent research and development achievements, creative designs, etc. At the same time, regular intellectual property training sessions are organized for employees to enhance awareness of intellectual property protection. The company encourages employees to actively innovate, contribute to the accumulation and appreciation of intellectual assets, fully safeguarding the legal rights and interests of intellectual property and fostering a positive innovation ecosystem.

2.4 Customer Privacy Protection

The Company focuses on improving customer information protection impact assessment guidelines, data security management norms and security vulnerability management processes, and effectively implements responsibilities related to minor information protection, security vulnerability information reporting and user notification. By utilizing its own black box system, the company strengthens data encryption technology and access control mechanisms, ensuring the security of customer data during transmission and storage, and rigorously maintaining data security defenses.

Black Box System

The company's black box system is the core component of information security management, which is built based on advanced technology and algorithms, with high autonomy and intelligence. The system focuses on the protection of users' personal information and fully defends privacy security. Through intelligent identification and analysis of advertising materials, it automatically detects and filters potential privacy risks to prevent user information leakage and misuse. At the same time, according to user preferences and behavioral patterns, personalized advertising recommendations are provided to enhance user experience and satisfaction. In addition, the black box system integrates data encryption and access control functions to encrypt sensitive data, preventing unauthorized access or tampering during transmission and storage. A strict access control mechanism is implemented, and only authorized personnel is granted access to relevant data, effectively mitigating the risk of internal misuse of privileges.

2.5 Supply Chain Management

In the supplier control system, the Company conducts a comprehensive evaluation of the business reputation, service records and qualifications of potential suppliers, and other factors to ensure their industry standing and legal compliance. If the supplier is found to have violated laws, regulations or contractual agreements, the Group will immediately terminate the cooperation to safeguard the reputation and interests of the enterprise. As of 2025, all suppliers have undergone relevant assessments.

Data Performance

	Joy Spreader Group Inc.	Total
Number of Suppliers	10	10
Suppliers by Geographical Region		
Hong Kong	8	8
Beijing	2	2

2.6 Social Welfare

Joy Spreader Group remains committed to the noble vision of "empowering social development through digital technology." We are dedicated to building a more open and inclusive digital marketing ecosystem, continually sharing our innovative achievements and practical experiences. Our goal is to bridge the digital divide and help more small and medium-sized enterprises benefit from the digital economy. In the future, the company will continue to explore the deep integration of technology and social welfare, striving to contribute broader and deeper value to society while promoting industrial upgrading.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company actively responded to the “Save the Ocean” public welfare campaign launched by Ocean Vines, a Hong Kong-based marine environmental protection charity. It organised employee volunteers to participate in coastal clean-up activities, focusing on removing various types of marine debris – including plastic bottles, discarded fishing nets, foam fragments, and cigarette butts – from the coastline and tidal flat areas. This initiative aims to reduce the damage caused by marine pollution to marine life and ecosystems, helping to restore the coast to its pristine and clean state.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. INDEX DIRECTORY

Section B: Mandatory Disclosure Requirements

Mandatory Disclosure Items

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Reporting Principles	Governance Foundation Strengthening
Reporting Scope	Governance Foundation Strengthening

Section C: "Comply or Explain" Provisions

Aspects, General Disclosure, and Key Performance Indicators

Report Sections

Aspects, General Disclosure, and Key Performance Indicators

Report Sections

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A2.1	Compliant Green Operations	B5.2	Supply Chain Management
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Section D : Climate-related Disclosures			
Aspects, General Disclosure, and Key Performance Indicators	Report Sections	Aspects, General Disclosure, and Key Performance Indicators	Report Sections
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19.	Compliant Green Operations	29. Greenhouse Gas Emissions	Compliant Green Operations
(II) Strategy	Compliant Green Operations	30. Climate-related Transition Risks	Compliant Green Operations
20. Climate-related Risks and Opportunities	Compliant Green Operations	31. Climate-related Physical Risks	Compliant Green Operations
21. Business Model and Value Chain	Compliant Green Operations	32. Climate-related Opportunities	Compliant Green Operations
22. Strategy and Decision-making	Compliant Green Operations	33. Capital Allocation	Compliant Green Operations
23. Strategy and Decision-making	Compliant Green Operations	34. Internal Carbon Pricing	Compliant Green Operations
24. Current Financial Impacts	Compliant Green Operations	35. Remuneration	Compliant Green Operations
25. Projected Financial Impacts	Compliant Green Operations	36. Industry Metrics	Compliant Green Operations
26. Climate Resilience	Compliant Green Operations	37. Climate-related Targets	Compliant Green Operations
(III) Risk Management	Compliant Green Operations	38. Climate-related Targets	Compliant Green Operations
27.	Compliant Green Operations	39. Climate-related Targets	Compliant Green Operations
(IV) Metrics and Targets	Compliant Green Operations	40. Climate-related Targets	Compliant Green Operations

INDEPENDENT AUDITOR'S REPORT



31/F., Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF JOY SPREADER GROUP INC.

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Joy Spreader Group Inc. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 137 to 225, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$165,807,000 and, had negative operating cash flows of HK\$65,458,000 for the year ended 31 December 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In addition to the matter described in the “material uncertainty related to going concern” section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><i>Expected credit loss of trade and other receivables</i></p> <p>At 31 December 2025, the carrying amount of the Group’s gross trade and other receivables amounted to HK\$102,633,000 and HK\$66,124,000 and the accumulated credit losses allowance amounted to HK\$100,197,000 and HK\$43,834,000 respectively.</p> <p>Management performed periodic assessment on the recoverability of the trade and other receivables and the sufficiency of provision for allowance for expected credit losses based on information including credit profile of different customers or debtors, aging of the receivables to historical settlement records, expected timing and amount of realisation of outstanding balances and on-going relationships with the relevant customers or debtors. Management also considered forward-looking information that may impact the customers’ or debtors’ ability to repay the outstanding balances in order to estimate the loss allowance for expected credit losses assessment.</p> <p>We identified the assessment on the ECL of trade and other receivables as a key audit matter due to the significant judgement and management estimation.</p> <p>Details of the trade and other receivables and their ECL are set out in notes 23 and 35 to the consolidated financial statements.</p>	<p>Our procedures in relation to the assessment of ECL of trade and other receivables included but not limited to:</p> <ul style="list-style-type: none"> • Understanding the key controls that the Group has implemented to manage and monitor its credit risk and evaluating management’s assessment process for allowance for expected credit losses; • Inquiring of management for the status of each of the material trade and other receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding ongoing business relationship with the customers based on trade records, checking historical and other correspondence with the counterparties; • Assessing the appropriateness of the ECL provisioning methodology and challenging the assumptions, including both historical and forward-looking information; and • Testing on a sample basis, the aging profile of the receivables. <p>We found that the allowance for ECL on trade and other receivables to be supportable by available evidence.</p>

INDEPENDENT AUDITOR'S REPORT

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2025.

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

INDEPENDENT AUDITOR'S REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

The engagement director on the audit resulting in this independent auditors' report is Ng Ka Wah (practising certificate number: P06417).

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hong Kong,

31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	6	11,684	113,313
Cost of revenue		(6,478)	(112,264)
Gross profit		5,206	1,049
Other income	8	6,048	8,624
Other gains and losses	9	(13,780)	(5,432)
Impairment losses under expected credit loss model, net of reversal	10	(14,402)	(106,053)
Distribution and selling expenses		(84,430)	(913,583)
Administrative expenses		(58,367)	(88,907)
Research and development expenses		(6,408)	(3,169)
Share of results of associates		1,049	1,442
Finance costs	11	(711)	(1,222)
Loss before tax	12	(165,795)	(1,107,251)
Income tax expense	14	(12)	(70)
Loss for the year		(165,807)	(1,107,321)
Loss for the year attributable to:			
Owners of the Company		(161,917)	(1,068,481)
Non-controlling interests		(3,890)	(38,840)
		(165,807)	(1,107,321)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
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		8,574	(16,976)
Fair value loss on equity instruments at fair value through other comprehensive income		(2,289)	(10,604)
Income tax relating to item that will not be reclassified to profit or loss		—	127
		6,285	(27,453)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		5,929	(24,915)
Other comprehensive income (expense) for the year, net of income tax		12,214	(52,368)
Total comprehensive expense for the year		(153,593)	(1,159,689)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(151,681)	(1,119,518)
Non-controlling interests		(1,912)	(40,171)
		(153,593)	(1,159,689)
Basic loss per share (HK cents)	15	(6.83)	(45.05)
Diluted loss per share (HK cents)	15	(6.83)	(45.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	25,821	26,079
Right-of-use assets	18	5,262	16,534
Intangible assets	20	399	789
Interests in associates	19	39,181	37,178
Rental deposits	23	1,674	2,163
Financial assets at fair value through profit or loss	26	8,865	9,832
Equity instruments at fair value through other comprehensive income	22	–	2,264
		81,202	94,839
CURRENT ASSETS			
Trade and other receivables	23	23,052	346,655
Loan receivables	24	6,627	–
Prepayments	25	54,038	108,384
Financial assets at fair value through profit or loss	26	1,147	–
Restricted bank balances	27	–	41,951
Bank deposits	27	–	17,525
Cash and cash equivalents	27	188,287	212,876
		273,151	727,391
CURRENT LIABILITIES			
Trade and other payables	28	25,528	321,133
Lease liabilities	29	6,265	9,663
Financial liabilities at fair value through profit or loss	26	54,012	58,800
Income tax payable		1,398	971
		87,203	390,567
NET CURRENT ASSETS		185,948	336,824
TOTAL ASSETS LESS CURRENT LIABILITIES		267,150	431,663

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITY			
Lease liabilities	29	1,386	12,503
		1,386	12,503
NET ASSETS			
		265,764	419,160
CAPITAL AND RESERVES			
Share capital	31	24	24
Reserves	32	475,786	502,621
Equity attributable to owners of the Company		475,810	502,645
Non-controlling interests		(210,046)	(83,485)
TOTAL EQUITY		265,764	419,160

The consolidated financial statements on pages 137 to 225 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Zhu Zinan
Director

Qin Jiaxin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company										Non-controlling interests	Total	
	Share capital	Treasury stocks	Share premium	Other reserve	Share-based payments	Fair value through other comprehensive income	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	HK\$'000
At 1 January 2024	24	-	2,267,925	14,504	-	(1,689)	183,106	(117,066)	(747,462)	1,599,342	(23,255)	1,576,087	
Loss for the year	-	-	-	-	-	-	-	-	(1,068,481)	(1,068,481)	(88,840)	(1,107,321)	
Changes in fair value of equity instruments	-	-	-	-	-	(10,477)	-	-	-	(10,477)	-	(10,477)	
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	-	(16,976)	-	(16,976)	-	(16,976)	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(23,584)	-	(23,584)	(1,331)	(24,915)	
Other comprehensive expense for the year	-	-	-	-	-	(10,477)	-	(40,560)	-	(51,037)	(1,331)	(52,368)	
Loss and total comprehensive expense for the year	-	-	-	-	-	(10,477)	-	(40,560)	(1,068,481)	(1,119,518)	(40,171)	(1,159,689)	
Recognition of equity-settled share-based payment expenses (note 33(b))	-	-	-	-	-	-	-	-	-	-	2,762	2,762	
Vesting of shares of a subsidiary (note 33(b))	-	-	-	22,821	-	-	-	-	-	22,821	(22,821)	-	
At 31 December 2024	24	-	2,267,925	37,325	-	(12,166)	183,106	(157,626)	(1,815,943)	502,645	(83,485)	419,160	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2025

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total HK\$'000			
	Share capital HK\$'000	Treasury stocks HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share-based payments			Fair value through other comprehensive income		Statutory reserve HK\$'000			Translation reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000
					reserve HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000						
At 1 January 2025	24	-	2,267,925	37,325	-	(12,166)	183,106	(157,626)	(1,815,943)	502,645	(83,485)	419,160			
Loss for the year	-	-	-	-	-	-	-	-	(161,917)	(161,917)	(3,890)	(165,807)			
Changes in fair value of equity instruments	-	-	-	-	-	(2,289)	-	-	-	(2,289)	-	(2,289)			
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	-	8,574	-	8,574	-	8,574			
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	3,951	-	3,951	1,978	5,929			
Other comprehensive income (expense) for the year	-	-	-	-	-	(2,289)	-	12,525	-	10,236	1,978	12,214			
Profit (loss) and total comprehensive income (expense) for the year	-	-	-	-	-	(2,289)	-	12,525	(161,917)	(151,661)	(1,912)	(153,593)			
Recognition of equity-settled share-based payment expenses (note 33(b))	-	-	-	-	-	-	-	-	-	-	197	197			
Vesting of shares of a subsidiary (note 33(b))	-	-	-	124,846	-	-	-	-	-	124,846	(124,846)	-			
At 31 December 2025	24	-	2,267,925	162,171	-	(14,455)	183,106	(145,101)	(1,977,860)	475,810	(210,046)	265,764			

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>NOTES</i>	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES			
Loss before tax		(165,795)	(1,107,251)
Adjustments for:			
Interest income		(4,953)	(7,444)
Share of results of associates		(1,049)	(1,442)
Depreciation of property, plant and equipment		12,284	17,605
Depreciation of right-of-use assets		4,667	9,274
Amortisation of intangible assets		411	1,406
Impairment losses, net of reversal			
– financial assets and under expected credit loss model		14,402	106,053
Impairment losses on:			
– property, plant and equipment		–	14,020
– right-of-use assets		–	4,088
Finance costs		711	1,222
Share-based payment expenses		197	2,762
(Gain) loss on disposal of property, plant and equipment		(4,103)	5
Loss on disposal of subsidiaries	42	187	–
(Gain) loss on disposal of right-of-use assets		(282)	92
Loss (gain) on fair value changes of financial assets at fair value through profit or loss		1,198	(1,716)
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests		2,946	3,431
Loss on fair value changes of derivatives		1,782	18,664
Foreign exchange losses (gains), net		11,286	(25,131)
Operating cash flows before movements in working capital		(126,111)	(964,362)
Decrease in trade and other receivables		91,744	72,901
Decrease (increase) in prepayments		56,819	(75,230)
Decrease in inventories		–	108,671
(Decrease) increase in trade and other payables		(87,910)	803,564
Cash used in operations		(65,458)	(54,456)
Income tax paid		–	(82)
Net cash used in operating activities		(65,458)	(54,538)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2025

	<i>NOTES</i>	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(14,237)	(277)
Repayment of loan receivables, net		4,623	153
Interest received		4,953	5,843
Proceeds from disposal of property, plant and equipment		6,845	4
Receipts of finance lease receivables		–	260
Purchase of financial assets at fair value through profit or loss		(5,326)	–
Disposal/redemption of financial assets at fair value through profit or loss		4,480	1,078
Net cash outflow of disposal of subsidiaries	42	(95)	–
Settlement of derivatives		(11,071)	–
Withdrawal of bank deposits with original maturity of more than three months		17,925	–
Placement of bank deposits with original maturity of more than three months		–	(17,525)
Net cash generated from (used in) investing activities		8,097	(10,464)
FINANCING ACTIVITIES			
Acquisition of non-controlling interests		–	(7,906)
Release on restricted bank balances		42,908	–
Repayment of lease liabilities		(7,721)	(9,328)
Interests paid		(711)	(1,222)
Net cash generated from (used in) financing activities		34,476	(18,456)
Net decrease in cash and cash equivalents		(22,885)	(83,458)
Cash and cash equivalents at beginning of the year		212,876	325,973
Effect of foreign exchange rate changes		(1,704)	(29,639)
Cash and cash equivalents at end of the year		188,287	212,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 Act of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 23 September 2020. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are provision of AI marketing business, AI overseas marketing business and provision of culture business.

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders’ voting rights of the Consolidated Affiliated Entities;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Going Concern

The Group incurred a net loss of HK\$165,807,000 and had negative operating cash flows of HK\$65,458,000 for the year ended 31 December 2025. This condition may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of twelve months from the date of approval for issue of these consolidated financial statements. They are of the opinion that, taking into account the plans and measures as stated below, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from date of approval for issue of these consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going Concern (Continued)

The validity of the use of the going concern basis for the preparation of the consolidated financial statements is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when they fall due such that the Group can meet its future working capital and financing requirements. The directors are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

a) Cost control

The directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring distribution and selling expenses and administrative expenses.

b) Business development

The Group is actively exploring new business opportunity to enhance the Group's profitability.

However, the outcome of the above-mentioned management's plans to deal with the condition that cast significant doubt on the Group's ability to continue as a going concern cannot be ascertained with certainty. Hence, there exists material uncertainty about the ability of the Group to continue its operations for the foreseeable future as a going concern. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendment to IFRS Accounting Standard issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to IFRS Accounting Standard mentioned above in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – Dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

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

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

The Directors anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets/liabilities of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in note 6.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 Leases at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in translation reserve are not reclassified to profit or loss subsequently.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When shares of the Company granted are vested, the amount previously recognised in share-based payments reserve will be transferred to treasury stocks and the difference between the amount previously recognised in share-based payments reserve and the cost for repurchasing the shares will be transferred from treasury stocks to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

Property, plant and equipment including furniture, fixtures and equipment, vehicles and leasehold improvement are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and other necessary costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")

Investments in equity instruments designated as at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets and other item subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and deposits, loan receivables, restricted bank balances, bank deposits and cash and cash equivalents), and other item (finance lease receivables) which are subject to impairment assessment under IFRS 9 Financial Instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under IFRS 9 (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognised lifetime ECL for trade receivables and finance lease receivables. The ECL on trade receivables are assessed collectively using a provision matrix with appropriate groupings except that significant balances or credit-impaired are assessed individually. The ECL on finance lease receivables are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and deposits and loan receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instruments which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, and will continue to be held in the FVTOCI reserve.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Obligation arising from a forward contract on shares of a subsidiary entered with non-controlling shareholders

The gross financial liability arising from the forward contract is recognised when contractual obligation to repurchase the shares in a subsidiary from non-controlling interests is established. The liability for the share redemption amount is initially recognised and measured at present value of the estimated repurchase price with the corresponding debit to the non-controlling interests. In subsequent periods, the changes in the carrying amount of obligation under the forward contract with non-controlling interests are recognised in profit or loss.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Related parties

A party is considered to be related to the Group if:

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

A related party transaction is a transfer of resources, services or obligation between the Group and a related party, regardless of whether a price is charged.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Consolidation of the Consolidated Affiliated Entities

The Group obtained control of the Consolidated Affiliated Entities by entering into a series of Contractual Arrangements. Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with the relevant PRC Laws and are legally enforceable. Therefore, the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements and accordingly, the Group has consolidated the Consolidated Affiliated Entities.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade and other receivables

Trade and other receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. For other receivables, the provision of ECL is based on 12m ECL. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Management reassesses the provision at each reporting date.

The provision of ECL is sensitive to change in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in note 35 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment is stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Provision of ECL for loan receivables

The Group assesses whether the probability of default loan receivables at the end of the reporting period has increased significantly since initial recognition. When making the assessment, the Group considers reasonable and supportable information including historical and forward-looking information which is available without undue cost or effort. The Group calculates ECL allowance for loan receivables based on the estimated probability of default of counterparties with similar credit ratings, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The ECL assessment on loan receivables involves significant management's judgments and estimates on credit risk assessment, the uses of models and inputs in the calculation of ECL at the reporting date. Details of ECL assessment are disclosed in note 35(b).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company is responsible for the determination of the appropriate valuation techniques and inputs for fair value measurements.

They are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Note 35(c) provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Types of goods or services		
Provision of performance-based we-media marketing services		
Marketing agency and advertising top-up agency	1,882	56,926
E-commerce products marketing	–	20,882
	1,882	77,808
AI overseas marketing	3,379	32,798
Provision of culture business	5,562	2,507
Others	861	200
	11,684	113,313
Timing of revenue recognition		
A point in time	11,684	113,313

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

Provision of performance-based we-media marketing services

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. REVENUE (Continued)

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

Provision of performance-based we-media marketing services (Continued)

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

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

AI overseas marketing

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

During the year ended 31 December 2024, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. REVENUE (Continued)

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

Provision of culture business

The Group engaged in short drama production and distribution. Revenue derived from short drama production and distribution is recognised at a point in time when the control of the short drama content is transferred to the customers so that the customers can direct the use and obtain associated benefit.

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

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

7. SEGMENT INFORMATION

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

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

- "Provision of performance-based we-media marketing services" segment mainly comprises the provision of these marketing services to help marketing customers direct to consumer, acquire new users and sales orders, and realise product promotion on a diverse we-media network; and
- "AI overseas marketing" segment comprises the sales of E-commerce goods and providing marketing services on an online platform.
- "Provision of culture business" segment mainly comprises the short drama production and distribution.

The "Others" segment mainly comprises the provision of the advisory services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the year ended 31 December 2025

	Provision of performance- based we-media marketing services HK\$'000	AI overseas marketing HK\$'000	Provision of culture business HK\$'000	Others HK\$'000	Consolidated HK\$'000
Segment revenue from external customers	<u>1,882</u>	<u>3,379</u>	<u>5,562</u>	<u>861</u>	<u>11,684</u>
Segment loss	<u>(59,292)</u>	<u>(86,281)</u>	<u>(3,283)</u>	<u>(508)</u>	<u>(149,364)</u>
Share of results of associates					1,049
Unallocated corporate expenses, net					<u>(17,492)</u>
Loss for the year					<u>(165,807)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2024

	Provision of performance- based we-media marketing services HK\$'000	AI overseas marketing HK\$'000	Provision of culture business HK\$'000	Others HK\$'000	Consolidated HK\$'000
Segment revenue from external customers	77,808	32,798	2,507	200	113,313
Segment loss	(159,196)	(939,868)	(26,037)	(2,077)	(1,127,178)
Share of results of associates					1,442
Unallocated corporate income, net					18,415
Loss for the year					(1,107,321)

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

During the year, "Provision of culture business" segment meets the quantitative thresholds for the reportable segment. Prior year segment disclosures have been represented to confirm with the current year's presentation.

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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2025

	Provision of performance- based we-media marketing services HK\$'000	AI overseas marketing HK\$'000	Provision of culture business HK\$'000	Others HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment result:					
Depreciation and amortisation	12,064	756	4,542	–	17,362
Impairment losses/(reversal of impairment losses) recognised in profit or loss in respect of:					
– trade and other receivables	36,518	(5,550)	(5,344)	492	26,116
– loan receivables	(11,714)	–	–	–	(11,714)
Amounts regularly provided to the CODM:					
Addition to non-current assets*	467	13,763	7	–	14,237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2024

	Provision of performance- based we-media marketing services HK\$'000	AI overseas marketing HK\$'000	Provision of culture business HK\$'000	Others HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment result:					
Depreciation and amortisation	19,080	88	9,117	–	28,285
Impairment losses/(reversal of impairment losses) recognised in profit or loss in respect of:					
– trade and other receivables	100,741	1,553	(580)	–	101,714
– loan receivables	4,339	–	–	–	4,339
– property, plant and equipment	11,611	2,215	194	–	14,020
– right-of-use assets	3,002	998	88	–	4,088
Amounts regularly provided to the CODM:					
Addition to non-current assets*	201	–	76	–	277

* Non-current assets excluded financial assets.

Geographical information

The Group's operations are located in the Mainland China and Hong Kong. Information about the Group's revenue from external customers is presented based on the location of the operations.

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Mainland China	8,305	80,515
Hong Kong	3,379	32,798
	11,684	113,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers for the corresponding year contributing for 10% or more of the total revenue of the Group are as follows:

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Customer A	3,379	32,798
Customer B	2,498	N/A ¹
Customer C	1,882	N/A ¹

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

The above revenue represents revenue from provision of performance-based we-media marketing services, AI overseas marketing and provision of cultural business.

8. OTHER INCOME

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Interest income on bank deposits	4,936	7,422
Interest income on loan receivables	17	–
Interest income on finance lease receivables	–	22
Government grants	59	12
Rental income	1,036	1,168
	6,048	8,624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Impairment loss recognised in respect of:		
– property, plant and equipment	–	(14,020)
– right-of-use assets	–	(4,088)
Gain (loss) on disposal of property, plant and equipment	4,103	(5)
Loss on disposal of subsidiaries	(187)	–
Gain (loss) on disposal of right-of-use assets	282	(92)
Foreign exchange (losses) gains, net	(11,286)	30,140
(Loss) gain on fair value changes of financial assets at FVTPL	(1,198)	1,716
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	(2,946)	(3,431)
Loss on fair value changes of derivatives	(1,782)	(18,664)
Others	(766)	3,012
	(13,780)	(5,432)

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

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Net impairment losses (reversal)/recognised in respect of:		
trade receivables	40,191	70,139
other receivables	(14,075)	31,575
loan receivables	(11,714)	4,339
	14,402	106,053

Details of impairment assessment are set out in note 35(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. FINANCE COSTS

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Interest expense on lease liabilities	711	1,222

12. LOSS BEFORE TAX

Loss before taxation has been arrived at after charging:

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	12,284	17,605
Depreciation of right-of-use assets	4,667	9,274
Amortisation of intangible assets (included in administrative expenses)	411	1,406
Total depreciation and amortisation	17,362	28,285
Staff costs (including directors' remuneration as set out in note 13):		
Salaries and other benefits-in-kind	20,988	25,496
Contributions to retirement benefits scheme	1,149	1,575
Discretionary bonus	–	32
Equity-settled share-based expense	197	2,762
Total staff costs	22,334	29,865
Auditors' remuneration	1,397	3,145
Cost of inventories recognised as expense	–	49,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

a. Directors' and Chief Executive's Emoluments

Details of the emoluments paid or payable to the directors and chief executive officer of the Company during the year are as follows:

	Fees HK\$'000	Salaries and other benefits- in-kind HK\$'000	Contributions to retirement benefits scheme HK\$'000	Discretionary bonus HK\$'000	Equity- settled share-based expense HK\$'000	Total HK\$'000
<u>Year ended 31 December 2025</u>						
Executive directors						
Zhu Zinan (Chief Executive Officer)	-	1,606	63	-	197	1,866
Cheng Lin	-	720	43	-	-	763
Qin Jiaxin	-	570	34	-	-	604
Subtotal	-	2,896	140	-	197	3,233
Non-executive directors						
Hu Jiawei (note (i))	-	-	-	-	-	-
Wang Hongpeng (note(iii))	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Independent non-executive directors						
Tang Wei (note (ii))	99	-	-	-	-	99
Fang Hongwei	109	-	-	-	-	109
Huang Boyang	109	-	-	-	-	109
Subtotal	317	-	-	-	-	317
Total						3,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

a. Directors' and Chief Executive's Emoluments (Continued)

	Fees HK\$'000	Salaries and other benefits- in-kind HK\$'000	Contributions to retirement benefits scheme HK\$'000	Discretionary bonus HK\$'000	Equity- settled share-based expense HK\$'000	Total HK\$'000
<u>Year ended 31 December 2024</u>						
Executive directors						
Zhu Zinan (Chief Executive Officer)	-	1,667	60	-	2,762	4,489
Cheng Lin	-	841	59	-	-	900
Qin Jiaxin	-	621	37	-	-	658
Subtotal	-	3,129	156	-	2,762	6,047
Non-executive director						
Hu Jiawei (note (i))	-	-	-	-	-	-
Independent non-executive directors						
Tang Wei (note (ii))	110	-	-	-	-	110
Fang Hongwei	110	-	-	-	-	110
Huang Boyang	110	-	-	-	-	110
Subtotal	330	-	-	-	-	330
Total						<u>6,377</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

a. Directors' and Chief Executive's Emoluments (Continued)

- (i) Hu Jiawei resigned as a non-executive director of the Company on 30 June 2025.
- (ii) Tang Wei resigned as an independent non-executive director of the Company on 28 November 2025.
- (iii) Wang Hongpeng appointed as a non-executive director of the Company on 30 June 2025.

The non-executive directors agreed to waive their remuneration during the years ended 31 December 2025 and 2024.

b. Employees' Emoluments

The five highest paid employees of the Group during the year included three (2024: three) directors, details of whose remuneration are set out above. Details of the remuneration for the year of the remaining two (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Salaries and other benefits-in-kind	4,761	4,190
Contributions to retirement benefits scheme	50	84
	4,811	4,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

b. Employees' Emoluments (Continued)

The number of the highest paid employees who are not the directors whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	1	–
	<u>2</u>	<u>2</u>

During the year, except for the non-executive directors mentioned above, none of the directors and chief executive officer of the Company had waived any emoluments and no emoluments had been paid by the Group to any of the directors or chief executive officer or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current enterprise income tax	<u>12</u>	<u>70</u>

Income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Loss before tax	<u>(165,795)</u>	<u>(1,107,251)</u>
Tax at the applicable tax rate of 25% (2024: 25%)	(41,449)	(276,813)
Tax effect of share of results of associates	(262)	(361)
Tax effect of expenses not deductible for tax purpose	6,273	12,617
Tax effect of income not taxable for tax purpose	(1,089)	(7,409)
Tax effect of tax exemptions granted	–	(2,914)
Tax effect of additional deduction of research and development expenses	(1,281)	(1,111)
Tax effect of tax losses not recognised	26,838	249,724
Effect of different tax rate of subsidiaries operating in other jurisdictions	9,871	–
Tax effect of deductible temporary differences not recognised	<u>1,111</u>	<u>26,337</u>
Tax expense	<u>12</u>	<u>70</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INCOME TAX EXPENSE (Continued)

Under the current laws of the Cayman Islands, the Company is an exempted entity and is not subject to tax on income or capital gains.

The Company's subsidiaries incorporated in Hong Kong are subject to a two-tiered income tax rate on its taxable income generated from operations in Hong Kong effective on 1 April 2018. The first HK\$2 million taxable profits earned by its subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e., 8.25%) while the remaining profits will continue to be taxed at 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for PRC group entities is 25% for both years.

Beijing Joyspreader, one of the Group's subsidiaries, was qualified as a High-New Technology Enterprise ("HNTE") and was subject to a preferential income tax rate of 15% for three years starting from 1 January 2021. Beijing Joyspreader's HNTE status was approved to extend for another three years on 29 October 2024 and was subject to a preferential income tax rate of 15% for three years starting from 1 January 2024.

Beijing Wuyou Technology Co., Ltd, one of the Group's subsidiaries, was qualified as a HNTE and was subject to a preferential income tax rate of 15% for three years starting from 1 December 2022 and expired on 1 December 2025.

According to "關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知" (Caishui [2011] 112) and "關於新疆困難地區及喀什、霍爾果斯兩個特殊經濟開發區新辦企業所得稅優惠政策的通知" (Caishui [2021] 27) issued by the State Administration of Taxation and the Ministry of Finance of the PRC, two of the Group's subsidiaries, Horgos Yaoxi Internet Technology Co., Ltd and Horgos Wuyou Internet Technology Co., Ltd, which were established in 2017 and located in Horgos city in the PRC, were exempted from income tax for five years starting from 1 January 2017. According to the latest preferential policy, these two subsidiaries were exempted from the 40% proportion of the income tax attributable to the local government for five years starting from 1 January 2022, and were subject to an income tax rate of 25% for the 60% proportion of the income tax attributable to the central government.

Horgos Zhipu Shulian Internet Technology Co., Ltd and Horgos Joyspreader Interactive Technology Co., Ltd, which were established in 2020 and located in Horgos city in the PRC, were exempted from income tax for five years starting from 1 January 2020 and expired on 1 January 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. LOSS PER SHARE

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

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company	<u>161,917</u>	<u>1,068,481</u>

Number of shares:

	Year ended 31 December	
	2025	2024
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>2,371,927</u>	<u>2,371,927</u>

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

16. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2025 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK\$'000	Furniture, fixture and equipment HK\$'000	Vehicles HK\$'000	Leasehold improvement HK\$'000	Total HK\$'000
COST					
At 1 January 2024	–	13,971	64,850	24,445	103,266
Additions	–	277	–	–	277
Disposals	–	(158)	–	–	(158)
Exchange realignment	–	(300)	(1,387)	(526)	(2,213)
At 31 December 2024 and 1 January 2025	–	13,790	63,463	23,919	101,172
Additions	10,927	41	2,969	300	14,237
Disposals	–	(6)	(8,686)	–	(8,692)
Disposal of subsidiaries	–	(290)	–	–	(290)
Exchange realignment	159	345	1,520	609	2,633
At 31 December 2025	11,086	13,880	59,266	24,828	109,060
DEPRECIATION AND IMPAIRMENT					
At 1 January 2024	–	4,971	26,359	13,710	45,040
Depreciation provided For the year	–	2,342	12,273	2,990	17,605
Impairment loss provided for the year	–	1,503	4,848	7,669	14,020
Eliminated on disposals	–	(149)	–	–	(149)
Exchange realignment	–	(160)	(813)	(450)	(1,423)
At 31 December 2024 and 1 January 2025	–	8,507	42,667	23,919	75,093
Depreciation provided For the year	433	1,761	10,052	38	12,284
Eliminated on disposals	–	(2)	(5,948)	–	(5,950)
Disposal of subsidiaries	–	(175)	–	–	(175)
Exchange realignment	6	238	1,138	605	1,987
At 31 December 2025	439	10,329	47,909	24,562	83,239
CARRYING VALUES					
At 31 December 2025	10,647	3,551	11,357	266	25,821
At 31 December 2024	–	5,283	20,796	–	26,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis, taking into account their residual values, at the following rates per annum:

Land and building	Over the shorter of the expected life of land and buildings and the lease term
Furniture, fixtures and equipment	31.67%
Vehicles	9.50%-19.00%
Leasehold improvement	Over the shorter of the expected life of leasehold improvement and the lease term

Impairment assessment

Due to continued losses for the Group, the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment and right-of-use assets with carrying amounts of HK\$19,314,000 and HK\$16,534,000 respectively as at 31 December 2024. The recoverable amount of vehicles, leasehold improvement and right-of-use assets are estimated individually.

The recoverable amounts of the vehicles, leasehold improvement and right-of-use assets have been determined based on their fair value less costs of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the public transaction prices of the vehicles and right-of-use assets. The fair value measurement is categorised into level 2 fair value hierarchy. The relevant property, plant and equipment and right-of-use assets were impaired to their recoverable amount of HK\$19,314,000 and HK\$16,534,000, respectively, which is their carrying values at year end and the impairment loss of HK\$14,020,000 and HK\$4,088,000, respectively, for the year ended 31 December 2024 has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

At 31 December 2025, the recoverable amount of these assets was based on the value in use calculation. The calculation uses cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period. Other key assumption for the value in use calculation relates to the estimation of cash flows which include budgeted revenue, such estimation is based on the cash-generating units' past performance and the directors' expectations for the market development. During the year ended 31 December 2025, no impairment loss is recognised on property, plant and equipment and right-of-use assets as the recoverable amounts of these assets exceeded the carrying amount at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. RIGHT-OF-USE ASSETS

The Group leases certain buildings for its operations. The average lease term varies from 1 to 5 years.

The Group does not have the option to purchase the buildings at the end of the lease term.

	Buildings HK\$'000
CARRYING VALUES	
At 1 January 2024	36,875
Depreciation charge	(9,274)
Early termination	(6,477)
Impairment loss recognised	(4,088)
Exchange realignment	(502)
	<hr/>
At 31 December 2024 and 1 January 2025	16,534
Depreciation charge	(4,667)
Early termination	(6,854)
Exchange realignment	249
	<hr/>
At 31 December 2025	5,262

The Group regularly entered into short-term leases for buildings. During the current year, expenses relating to short-term leases of buildings amounting to HK\$370,000 (2024: HK\$717,000) were recognised.

During the current year, the total cash outflow for leases was HK\$8,802,000 (2024: HK\$11,267,000).

During the year ended 31 December 2025, the Group recognised impairment losses of HK\$nil (2024: HK\$4,088,000) for right-of-use. Details of impairment assessment of right-of-use assets are set out in note 17.

Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTERESTS IN ASSOCIATES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Cost of investments in associates	37,443	37,443
Share of post-acquisition profits and other comprehensive income	4,864	3,815
Exchange realignment	(3,126)	(4,080)
	39,181	37,178

Details of the Group's associates at the end of the reporting period are as follows:

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group As at 31 December		Principal activities
		2025	2024	
		%	%	
揚州平衡數字文化產業發展基金 (有限合夥) Yangzhou Pingheng Digital Cultural Industry Development Fund (Limited Partnership) ("Pingheng Fund") (i) (ii)	PRC	40.00	40.00	Investment in digital marketing/Internet culture industries
保利樂享文娛科技(北京)有限公司 Poly Joy Spreader Digi-Entertainment (Beijing) Co., Limited ("Poly Joy Spreader") (i) (iii)	PRC	10.00	10.00	Artist management and film production

Notes:

- (i) The English translation of the name is for reference only. The official name of this entity is in Chinese.
- (ii) The Group is able to exercise significant influence over Pingheng Fund because it has the power to appoint one out of the five committee members of Pingheng Fund's investment decision committee which direct the relevant activities of Pingheng Fund according to the partnership agreement.
- (iii) The Group is able to exercise significant influence over Poly Joy Spreader because it has the power to appoint one out of five directors of Poly Joy Spreader under the articles of association of Poly Joy Spreader.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of the material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS Accounting Standards.

The associate is accounted for using the equity method in the consolidated financial statements.

Pingheng Fund

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current assets	23,698	34,346
Non-current assets	71,819	56,334

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Revenue	–	–
Profit for the year	2,508	3,232

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Net assets of Pingheng Fund	95,517	90,680
Proportion of the Group's ownership interest in Pingheng Fund	40.00%	40.00%
Carrying amount of the Group's interest in Pingheng Fund	38,207	36,272

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTERESTS IN ASSOCIATES (Continued)

Information of an associate that is not individually material

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
The Group's share of profit	45	150
Carrying amount of the Group's interest in the associate	974	906

20. INTANGIBLE ASSETS

	Software
	HK\$'000
CARRYING AMOUNT	
At 1 January 2024	2,222
Amortisation	(1,406)
Exchange realignment	(27)
At 31 December 2024 and 1 January 2025	789
Amortisation	(411)
Exchange realignment	21
At 31 December 2025	399

21. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Deferred tax liabilities	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. DEFERRED TAX (Continued)

The deferred tax recognised by the Group and the movements thereon during the current and prior years are as follows:

	Equity instruments at FVTOCI HK\$'000
At 1 January 2024	128
Credit to other comprehensive income	(127)
Exchange realignment	(1)
At 31 December 2024, 1 January 2025 and 31 December 2025	–

At the end of the reporting period, the Group has unused tax losses of HK\$2,443,179,000 (2024: HK\$2,312,263,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$297,510,000 (2024: HK\$265,173,000) with expiry dates as disclosed in the following table. Other tax losses may be carried forward indefinitely.

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
2025	–	9,965
2026	16,198	16,198
2027	64,340	64,340
2028	66,807	66,807
2029	57,095	57,095
2030	47,506	19,398
2032	4,882	4,882
2033	12,912	12,912
2034	13,576	13,576
2035	14,194	–
	297,510	265,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. DEFERRED TAX (Continued)

At the end of the reporting period, the Group has deductible temporary differences of HK\$315,680,000 (2024: HK\$302,327,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$623,696,000 (2024: HK\$649,145,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The corresponding unrecognised deferred tax liabilities as at 31 December 2025 were HK\$62,370,000 (2024: HK\$64,914,000).

22. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Unlisted:		
– Equity investments	–	2,264

Equity instruments at FVTOCI represented the Group's 19.916% equity interests in 北京影漪视界科技有限公司 ("Yingyi Technology") and 10% equity interests in 海南全民聚星文化传媒有限公司 ("Hainan Juxing"), both of which are unlisted companies established in the PRC.

The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that the investments are not held for trading and not expected to be sold in the foreseeable future. Details of the fair value measurement are disclosed in note 35(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Trade receivables	102,633	118,242
Less: Allowance for credit losses	(100,197)	(57,954)
	2,436	60,288
Deposits for expanding overseas E-commerce markets (note)	–	215,000
Receivables on behalf of third parties as an agent	18,411	79,573
Receivables of income from investments in films and television dramas	10,442	16,436
Deposits paid to suppliers	2,347	2,289
Rental and other deposits	8,805	6,100
Other receivables	26,119	25,890
Less: Allowance for credit losses	(43,834)	(56,758)
	22,290	288,530
Total trade and other receivables	24,726	348,818
Analysis as		
Non-current	1,674	2,163
Current	23,052	346,655
	24,726	348,818

Note: 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.

During the year ended 31 December 2025, the Group decided not to operate business in certain countries, and deposits amounting to HK\$215,000,000 (2024: HK\$225,000,000) as stated above, was refunded to the Group or offset by trade payables, including HK\$215,000,000 (2024: HK\$220,000,000) was offset by trade payables pursuant to a debt settlement agreement signed between the Group and the traffic supplier.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates.

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Within 3 months	522	–
3-6 months	–	–
7-12 months	1,914	8,134
1-2 years	–	52,154
	<u>2,436</u>	<u>60,288</u>

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amounts of HK\$1,914,000 (2024: HK\$60,288,000) which are past due as at that date. As at 31 December 2025, out of the past due balance, HK\$1,914,000 (2024: HK\$60,288,000) has been past due 90 days or more and is not considered as in default because the amount is due from a number of independent reputable customers by considering the background of the debtors and historical payment arrangement. The Group does not hold any collateral or other credit enhancement over these balances.

Details of impairment assessment of trade and other receivables and deposits are set out in note 35(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. LOAN RECEIVABLES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Fixed-rate loan receivables, matured within one year	20,538	25,161
Less: Allowance for credit losses	(13,911)	(25,161)
	<u>6,627</u>	<u>–</u>

As at 31 December 2025, loan receivables are interest bearing at 1% (2024: NA) and secured by properties located in PRC. The loan receivable is repayable within 6 months from loan funding date.

Details of impairment assessment are set out in note 35(b).

25. PREPAYMENTS

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Prepayments for purchases of traffic (note a)	51,658	104,118
Prepayments for consulting services	1,158	1,130
Other prepayments	1,222	3,136
	<u>54,038</u>	<u>108,384</u>

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For the year ended 31 December 2025

25. PREPAYMENTS (Continued)

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

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
At beginning of the year	104,118	492,911
Newly prepaid	60,017	204,918
Utilised	(9,103)	(127,653)
Settlement (note b)	(105,213)	(461,096)
Exchange realignment	1,839	(4,962)
At end of the year	51,658	104,118

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 23) and prepayments for purchases of traffic. As at 31 December 2025, the Group's total advance payments to its largest supplier as a percentage of total assets was 15% (2024: 39%). Details of the percentage for the year are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Advance to the largest supplier:		
– Deposits for expanding overseas E-commerce markets (note 23)	–	215,000
– Prepayments for purchases of traffic	51,658	104,118
	51,658	319,118
Total assets	354,353	822,230
Advance to the largest supplier as a percentage of total assets	15%	39%

- b. During the current year, the Group and the traffic supplier of the Group entered into several debt settlement agreements, pursuant to which the payables to the traffic supplier of HK\$105,213,000 (2024: HK\$461,096,000) was offset against the Group's prepayments to the traffic supplier of the same amount. The above transactions are accounted for as a non-cash transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Non-current asset		
Financial assets at FVTPL:		
– Private fund (note a)	8,865	9,832
Current asset		
Financial assets at FVTPL:		
– Listed equity securities (note b)	1,147	–
Current liabilities		
Financial liabilities at FVTPL:		
– Derivatives (note c)	9,872	18,664
– Obligation arising from a forward contract with non-controlling interests (note 30)	44,140	40,136
	54,012	58,800

Notes:

- a. Amount represented the Group's investment in a private fund focusing on angel investments for long-term purpose.
- b. Amount represented the Group's investment in equity securities listed in PRC.
- c. Amount represented the Group's obligation to deliver the share redemption amount for the 12.5% equity interests in Yingyi Technology of a third-party shareholder.

Details of the fair value measurement are disclosed in note 35(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. CASH AND CASH EQUIVALENTS/BANK DEPOSITS/RESTRICTED BANK BALANCES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Cash and cash equivalents	188,287	212,876
Bank deposits	–	17,525
Restricted bank balances	–	41,951
	188,287	272,352

Cash and cash equivalents, bank deposits and restricted bank balances are denominated in the following currencies:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
– RMB	29,657	66,913
– HK\$	20,876	72,080
– US Dollar (“US\$”)	136,971	131,637
– Other currencies	783	1,722
	188,287	272,352

Cash and cash equivalents included demand deposits and short-term deposits with original maturity of three months or less for the purpose of meeting the Group’s short term cash commitments, which carry interest at market rates ranging from 0.05% to 3.85% (2024: 0.10% to 5.40%) per annum.

Bank deposits represented term deposits with original maturity of more than three months. As at 31 December 2024, the balances carried interest rate of 4.57% per annum.

As at 31 December 2024, restricted bank balances represented the bank balances that were not available to use by the Group, the balances carried interest rate of 0.25% per annum.

Included in cash and cash equivalents as at 31 December 2025, there has an amount denominated in Renminbi (“RMB”) of approximately RMB24,837,000 (equivalent to approximately HK\$27,499,000) (2024: approximately RMB61,812,000 (equivalent to approximately HK\$66,748,000)). Remittance of RMB out of the PRC is subject to exchange restrictions imposed by the PRC government.

Details of impairment assessment of cash and cash equivalents, bank deposits and restricted bank balances are set out in note 35(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Trade payables	1,500	297,448
Employee compensation payable	11,142	10,884
Other tax payable	932	894
Accrued listing expense/shares issue costs	4,429	4,319
Payables for intangible assets	1,993	1,944
Other payables and accruals	5,532	5,644
	25,528	321,133

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

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Within 3 months	1,406	286,985
3-6 months	–	–
7-12 months	50	–
Over 1 year	44	10,463
	1,500	297,448

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. LEASE LIABILITIES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Non-current	1,386	12,503
Current	6,265	9,663
	7,651	22,166

Maturity analysis

	At 31 December 2025		At 31 December 2024	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	6,265	6,461	9,663	9,972
After 1 year but within 2 years	1,386	1,476	8,681	9,542
After 2 years but within 5 years	–	–	3,822	4,336
	7,651	7,937	22,166	23,850
Less: Total future interest expenses		(286)		(1,684)
Present value of lease liabilities		7,651		22,166

The weighted average incremental borrowing rate applied to lease liabilities was 5% as at 31 December 2025 (2024: 5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. OBLIGATION ARISING FROM A FORWARD CONTRACT WITH NON-CONTROLLING INTERESTS

In May 2022, a subsidiary of the Group, Joy Spreader (Nanjing) Interactive Technology Co., Ltd (“Joy Spreader Nanjing”) and Pingheng Fund, an associate of the Group, entered into a series of agreements (the “Agreements”), pursuant to which, Joy Spreader Nanjing and Pingheng Fund established Yangzhou Joy Spreader Huayue Culture Technology Ltd (“Yangzhou Huayue”) in May 2022. Joy Spreader Nanjing holds 70% equity interests and Pingheng Fund holds 30% equity interests in Yangzhou Huayue. During the year ended 31 December 2022, RMB84,000,000 (equivalent to HK\$94,037,000) and RMB36,000,000 (equivalent to HK\$40,294,000) were injected to Yangzhou Huayue as capital injection by Joy Spreader Nanjing and Pingheng Fund, respectively.

According to the Agreements, Joy Spreader Nanjing has agreed to buy, and Pingheng Fund has agreed to sell, 30% equity interests in Yangzhou Huayue, being the entire equity interest of Yangzhou Huayue held by Pingheng Fund, before the end of a term of 36 months since the signing date of the Agreements, and the final date of repurchase is at the main discretion of Joy Spreader Nanjing. The consideration of repurchase shall be determined at the higher of (i) the sum of the investment principal and interests at a fixed interest rate of 9% per annum, less any dividend received from Yangzhou Huayue; and (ii) the proportion of the net assets value of Yangzhou Huayue at the date of repurchase.

At initial recognition, the obligation arising from a forward contract with non-controlling interests represents the present value of the obligation to deliver the share redemption amount amounting to HK\$40,294,000. This amount has been recognised in the consolidated statement of financial position with a corresponding debit to the noncontrolling interests at initial recognition.

In November 2024, Joy Spreader Nanjing and Pingheng Fund entered into an agreement, pursuant to which Pingheng Fund transferred 5% equity interests in Yangzhou Huayue to Joy Spreader Nanjing at the consideration of RMB7,315,000 (equivalent to HK\$7,906,000). At the meantime, Joy Spreader Nanjing and Joy Spreader (Nanjing) Investment Co., Ltd (“Joy Spreader Nanjing Investment”), a subsidiary of the Group, entered into an agreement, pursuant to which Joy Spreader Nanjing transferred 23% equity interests in Yangzhou Huayue to Joy Spreader Nanjing Investment. Thus, Joy Spreader Nanjing, Pingheng Fund and Joy Spreader Nanjing Investment hold 52%, 25% and 23% equity interests in Yangzhou Huayue, respectively as at 31 December 2024.

In April 2025, Joy Spreader Nanjing and Pingheng Fund entered into a supplemental agreement for extending the final date of repurchase to 31 December 2026.

As at 31 December 2025, fair value of the obligation arising from the forward contract with non-controlling interests was HK\$44,140,000 (see note 26) (2024: HK\$40,136,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. SHARE CAPITAL

	Number of shares		Share capital	
	2025 '000	2024 '000	2025 HK\$	2024 HK\$
Ordinary shares of HK\$0.00001 each Authorised				
At beginning and end of the year	5,000,000	5,000,000	50,000	50,000
Issued and fully paid				
At beginning and end of the year	2,371,927	2,371,927	23,720	23,720

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Presented as	24	24

32. RESERVES

The principal reserves of the Group consist of the following:

Share premium

Share premium mainly represents the difference between the total amount of the par value of shares issued and the proceeds from issuance of shares.

Other reserve

Other reserve mainly represents the difference between the amount previously recognised in share-based payments reserve and the cost for repurchasing the shares when shares under share award scheme are vested.

Share-based payments reserve

Share-based payments reserve arises from granting of shares of the Company to its management and staff under the Company's share award scheme.

FVTOCI reserve

Gains and losses arising from changes in fair value of investments in equity instruments designated at FVTOCI are recognised in the FVTOCI reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. RESERVES (Continued)

Statutory reserve

Pursuant to the relevant PRC rules and regulations, the Company's subsidiaries established in the PRC are required to transfer no less than 10% of its profits after taxation, after offsetting any prior years' loss as determined under the relevant accounting policies and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital of the respective subsidiaries. The transfer to this reserve must be made before the distribution of a dividend to shareholders of these PRC subsidiaries (including Consolidated Affiliated Entities). Statutory reserve is non-distributable other than in liquidation and can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital of the relevant subsidiaries.

Translation reserve

Exchange differences relating to the translation of the Group's foreign operations are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in translation reserve are reclassified to profit or loss upon the disposal of the foreign operations.

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency of HK\$ are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in translation reserve are not reclassified to profit or loss subsequently.

33. SHARE BASED PAYMENT TRANSACTIONS

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

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

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

During the year ended 31 December 2025, the Trustee did not purchase any shares and no share was granted (2024: nil). During the year ended 31 December 2025, no share was vested (2024: nil).

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For the year ended 31 December 2025

33. SHARE BASED PAYMENT TRANSACTIONS (Continued)

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

During the years ended 31 December 2025 and 2024, no share-based payment expenses was recognised by the Group in respect of these awarded shares as the shares under the Share Award Scheme are fully vested. The weighted average fair value of the awarded shares is HK\$1.42 at the date of grant. The fair values for these awarded shares granted were calculated using the fair value of the Company's ordinary shares on the date of grant.

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

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

On the same date, 1,000 shares of Joy Spreader International held by the Company have been granted to Mr. Zhu Zinan, representing 10% of the issued shares of Joy Spreader International, which is also the upper limit of the total shares available for grant under Joy Spreader International Share Award Scheme. The exercise price is zero and the granted shares are vested in four tranches with the vesting dates on 1 September 2023, 1 March 2024, 1 September 2024 and 1 March 2025. On 25 September 2025, the remaining 600 shares are fully vested.

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 year	Vested during the year	Forfeited during the year	Outstanding at 31 December 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. SHARE BASED PAYMENT TRANSACTIONS (Continued)

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

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

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

During the year ended 31 December 2025, share-based payment expenses of HK\$197,000 (2024: HK\$2,762,000) was recognised in the Group's consolidated statement of profit or loss in respect of the Joy Spreader International Share Award Scheme.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern with maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of net debt, which include lease liabilities and obligation arising from a forward contract with non-controlling interests as disclosed in notes 29 and 30, net of restricted bank balances, bank deposits, cash and cash equivalents, and equity attributable to the owners of the Company, comprising share capital, retained earnings/accumulated losses and reserves as disclosed in notes 31 and 32.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with the capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through raising of new capital, issue of new debt or the redemption of the existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Financial assets		
Financial assets at amortised cost	213,013	621,170
Financial assets at FVTPL	10,012	9,832
Loan receivables	6,627	–
Equity instruments at FVTOCI	–	2,264
Financial liabilities		
Financial liabilities at amortised cost	13,454	309,355
Obligation arising from a forward contract with non-controlling interests	44,140	40,136
Derivatives	9,872	18,664
Lease liabilities	7,651	22,166

b. Financial risk management objectives and policies

The Group's major financial instruments consisted of trade and other receivables, loan receivables, restricted bank balances, bank deposits, cash and cash equivalents, financial assets at FVTPL, equity instruments at FVTOCI, trade and other payables, obligation arising from a forward contract with non-controlling interests, derivatives and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate lease liabilities, obligation arising from a forward contract with non-controlling interests, loan receivables and term deposits. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate.

The Group currently does not have interest rate hedging policy. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

No sensitivity analysis is presented as the management of the Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk

The Group is mainly exposed to foreign exchange risk arising from future commercial transactions, and from recognised assets and liabilities. The functional currency of the Company and its major subsidiaries in the PRC is RMB in which most of the transactions are denominated. The functional currencies of those subsidiaries operating in Hong Kong are USD and HK\$ in which most of their transactions are denominated. The Group is mainly exposed to foreign exchange risk in respect of exchange fluctuations of RMB against USD and HK\$. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC. The Group currently does not have foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities (including intra-group balances) at the end of the reporting periods are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
US\$ denominated monetary assets	781,647	469,026
US\$ denominated monetary liabilities	(106,016)	–
HK\$ denominated monetary assets	1,473,635	917,830
HK\$ denominated monetary liabilities	(1,852,618)	(144)
RMB denominated monetary assets	5,536	5,502
RMB denominated monetary liabilities	(307,419)	(319,317)

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

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For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to exchange rates of US\$ and HK\$ against RMB. For a 5%, 10%, 15% weakening of US\$ and HK\$ against RMB, the effect on the Group's loss for the years are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
	Decrease (increase) in loss for the year	
<u>US\$ against RMB</u>		
Weakening		
–5%	(19,316)	(8,920)
–10%	(38,633)	(17,840)
–15%	(57,948)	(26,760)
<u>HK\$ against RMB</u>		
Weakening		
–5%	13,242	(44,412)
–10%	26,484	(88,824)
–15%	39,726	(133,236)

For a 5%, 10%, 15% strengthening of US\$ and HK\$ against RMB, there would be an equal and opposite impact on loss for the year.

(iii) Other price risk

The Group is exposed to other price risk through its investments measured at FVTPL and FVTOCI. The Group invested in certain private fund and listed equity security which had been measured at FVTPL. In addition, the Group invested in certain unquoted equity securities for investees operating in shortform video making or film production industry sectors for long term strategic purpose which had been designated as FVTOCI. The Group monitors the price risk and will consider hedging the risk exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to price risk of financial assets at FVTPL at the reporting date. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within level 3 were disclosed in note 35(c).

If the prices of the respective instruments had been 5% (2024: 5%) higher/lower, the post-tax loss for the year ended 31 December 2025 would decrease/increase by HK\$375,000 (2024: HK\$374,000) as a result of the changes in fair value of financial assets at FVTPL.

Credit risk and impairment assessment

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is due to failure to discharge an obligation by the counterparties for the carrying amounts of the financial assets at amortised cost.

The Group mainly conducts transactions with customers with good quality and long-term relationship, when accepting new customers, the Group considers the reputation of the customer before contract is signed. In order to minimise the credit risk, the management of the Group continuously monitors the credit quality and financial conditions of the debtors to ensure that follow-up action is taken to recover overdue debts.

To manage risk arising from receivable balances, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management of the Group performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

The Group has concentration of credit risk as 79% of the total trade receivables was due from the Group's largest customer as at 31 December 2025 (2024: 56%), and 100% of the total trade receivables was due from the Group's five largest customers as at 31 December 2025 (2024: 98%). In addition, Nil of total other receivables and deposits was due from the Group's largest debtor as at 31 December 2025 (2024: 80%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables

The Group always recognises lifetime ECL for trade receivables arising from contracts with customers. The ECL on these assets are individually assessed for debtors with significant balances or credit-impaired and collectively using a provision matrix with appropriate groupings for the remaining balance. As part of the Group's credit risk management, the Group uses the debtors' aging to assess the impairment for its customers because these debtors consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping and assessment are regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Loan receivables and other receivables and deposits

Before granting the loan receivables, the management of the Group has obtained an understanding to the credit background of the debtors and undertaken an internal credit approval process. The management of the Group has taken into account the economic outlook of the industries in which the debtors operate and reviewed the recoverability of each loan receivable at the end of the reporting period based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportable.

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportable and taking into account the economic outlook of the industries in which the debtors operate.

For other receivables and deposits and loan receivables, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised based on significant increases in the likelihood or risk of a default occurring since initial recognition. For the purpose of internal risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Restricted bank balances/bank deposits/cash and cash equivalents

The Group mainly transacts with banks with high credit ratings. The credit risk for restricted bank balances, bank deposits and cash and cash equivalents is considered as not material as such amount is placed in reputable banks. The Group assessed 12m ECL on these balances by reference to probability of default and loss given default and concluded that the ECL are insignificant and thus no impairment loss was recognised.

The tables below detail the credit risk exposures of the Group's financial, which are subject to ECL assessment:

31 December 2025	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount HK\$'000
Financial assets at amortised cost						
Trade receivables – goods and services	23	N/A	(note a)	Lifetime ECL (not credit-impaired)	37.7%	3,909
				Lifetime ECL (credit-impaired)	100.0%	98,724
						<u>102,633</u>
Loan receivables	24	N/A	(note b)	Lifetime ECL (not credit-impaired)	0.2%	6,643
				Lifetime ECL (credit-impaired)	100.0%	13,895
						<u>20,538</u>
Other receivables and deposits	23	N/A	(note b)	12m ECL	3.5%	23,101
				Lifetime ECL (credit-impaired)	100.0%	43,023
						<u>66,124</u>
Bank balances	27	AAA	–	12m ECL	–	<u>188,287</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

31 December 2024	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount HK\$'000
Financial assets at amortised cost						
Trade receivables – goods and services	23	N/A	(note a)	Lifetime ECL (not credit-impaired and assessed individually)	35.4%	93,327
				Lifetime ECL (credit-impaired and assessed individually)	100.0%	24,915
						118,242
Loan receivables	24	N/A	(note b)	Lifetime ECL (credit-impaired)	100.0%	25,161
Other receivables and deposits	23	N/A	(note b)	12m ECL	1.3%	225,563
				Lifetime ECL (not credit-impaired)	26.5%	81,038
				Lifetime ECL (credit-impaired)	83.7%	38,687
						345,288
Restricted bank balances	27	AAA	–	12m ECL	–	41,951
Bank deposits	27	AAA	–	12m ECL	–	17,525
Bank balances	27	AAA	–	12m ECL	–	212,489

Notes:

- a. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables with significant balances or credit-impaired, the Group determines the ECL on these items using a provision matrix grouped by the debtors' aging.
- b. For loan receivables and other receivables and deposits, the Group has applied the 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

As at 31 December 2024, debtors with balances from trade receivables amounting to HK\$93,327,000 which were not credit-impaired were assessed individually and the corresponding impairment allowance amounted to HK\$33,039,000. In addition, as at 31 December 2024, debtors with balances from trade receivables amounting to HK\$24,915,000 which were credit-impaired were assessed individually and impairment allowance of HK\$24,915,000 were recognised.

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired) as at 31 December 2025. Debtors with credit-impaired with gross carrying amounts of HK\$24,426,000 as at 31 December 2025 (2024: HK\$118,242,000) were assessed individually.

	As at 31 December 2025		
	Average loss rate	Gross carrying amount HK\$'000	Impairment loss allowance HK\$'000
Trade receivables			
Within 3 months	2.4%	535	13
3-6 months	5.9%	4,652	2,738
7-12 months	100%	97,446	97,446
		<u>102,633</u>	<u>100,197</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movements in lifetime ECL that have been recognised for trade receivables.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2024	9,099	136,181	145,280
Transfer to credit-impaired	(2,210)	2,210	–
Impairment losses recognised	27,406	42,733	70,139
Write-offs	–	(154,895)	(154,895)
Exchange realignment	(1,256)	(1,314)	(2,570)
At 31 December 2024	33,039	24,915	57,954
Transfer to credit-impaired	(33,025)	33,025	–
Impairment losses recognised	1,089	39,102	40,191
Exchange realignment	370	1,682	2,052
At 31 December 2025	1,473	98,724	100,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the reconciliation of loss allowance that has been recognised for other receivables and deposits.

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2024	6,227	454	19,522	26,203
Impairment losses (reversed) recognised	(3,244)	21,362	13,457	31,575
Exchange realignment	(85)	(321)	(614)	(1,020)
At 31 December 2024	2,898	21,495	32,365	56,758
Transfer to credit-impaired	(30)	(2,862)	2,892	–
Impairment losses (reversed) recognised	(2,137)	(18,819)	6,881	(14,075)
Exchange realignment	80	186	885	1,151
At 31 December 2025	811	–	43,023	43,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the reconciliation of loss allowance that has been recognised for loan receivables.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2024	–	21,341	21,341
Impairment losses recognised	–	4,339	4,339
Exchange realignment	–	(519)	(519)
At 31 December 2024	–	25,161	25,161
Impairment losses recognised (reversed)	16	(11,730)	(11,714)
Exchange realignment	–	464	464
At 31 December 2025	16	13,895	13,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of liquidity risk, the management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average interest rate	Less than 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 December 2025						
Non-derivative financial liabilities						
Trade and other payables		<u>13,454</u>	<u>-</u>	<u>-</u>	<u>13,454</u>	<u>13,454</u>
Lease liabilities	5.00%	<u>6,461</u>	<u>1,476</u>	<u>-</u>	<u>7,937</u>	<u>7,651</u>

	Weighted average interest rate	Less than 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 December 2024						
Non-derivative financial liabilities						
Trade and other payables		<u>309,355</u>	<u>-</u>	<u>-</u>	<u>309,355</u>	<u>309,355</u>
Lease liabilities	5.00%	<u>9,972</u>	<u>9,542</u>	<u>4,336</u>	<u>23,850</u>	<u>22,166</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments

Financial instruments carried at fair value

The Group measures its following financial instruments at fair value at the end of the reporting period on a recurring basis:

	Fair value as at 31 December 2025 HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Inputs as at 31 December 2025	Relationship of unobservable inputs to fair value
Financial assets						
Unlisted equity securities – Yingyi Technology	–	Level 3	Reference to the net assets value of the investee	Net assets value of the investee		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 asset value of the investee	Net assets value of the investee		N/A
Investment in private fund – for angel investments	8,865	Level 3	Reference to the net assets value of underlying investments held by the investee	Net assets value of underlying investments		The higher the net assets value of underlying investment, the higher the fair value, vice versa (note b)
Investment in Listed securities	1,147	Level 1	Quoted bid prices in an active market	N/A	N/A	N/A
Financial liabilities						
Obligation arising from a forward contract with non-controlling interests	44,140	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	9,872	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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

Financial instruments carried at fair value (Continued)

	Fair value as at 31 December 2024 HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	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		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 asset value of the investee	Net assets value of the investee		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		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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

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\$nil as at 31 December 2025 (2024: 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\$89,000 as at 31 December 2025 (2024: HK\$98,000).

As at 31 December 2025 and 2024, the fair value of the unlisted equity securities of Yingyi Technology could not be arrived based on income approach and was determined with reference to the net assets value of Yingyi Technology.

There were no transfers between level 1 and level 2 during the year ended 31 December 2025 (2024: nil).

Reconciliation of level 3 measurements

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

	Unlisted equity securities HK\$'000	Investment in private fund HK\$'000	Total HK\$'000
At 1 January 2024	12,993	7,414	20,407
Net loss in other comprehensive income	(10,604)	–	(10,604)
Total gain in profit or loss	–	2,615	2,615
Exchange realignment	(125)	(197)	(322)
At 31 December 2024	2,264	9,832	12,096
Net loss in other comprehensive income	(2,289)	–	(2,289)
Total loss in profit or loss	–	(1,198)	(1,198)
Exchange realignment	25	231	256
At 31 December 2025	–	8,865	8,865

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 consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. RETIREMENT BENEFIT SCHEME

The employees of the Group are members of a state-managed retirement benefits scheme (the “Retirement Benefits Scheme”) operated by the PRC Government. The Group is required to contribute a 16% of the total monthly basic salaries of its current employees to the Retirement Benefits Scheme to fund the benefits. The only obligation of the Group with respect to the Retirement Benefits Scheme is to make the specified contributions.

During the years ended 31 December 2025, there is no forfeited contribution available for the Group to reduce its existing level of contributions (2024: nil). There were also no forfeited contributions available at 31 December 2025 under such scheme which may be used by the Group to reduce the contribution payable in future years (2024: nil).

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of HK\$1,149,000 (2024: HK\$1,575,000) represented contributions paid and/or payable to the scheme by the Group for the year ended 31 December 2025.

37. MAJOR NON-CASH TRANSACTIONS

During the current year, the Group and the traffic supplier of the Group entered into several debt settlement agreements, pursuant to which the payables to the traffic supplier of HK\$105,213,000 (2024: HK\$461,096,000) and HK\$215,000,000 (2024: HK\$220,000,000) were offset against the Group’s prepayments to the traffic supplier and the Group’s refundable deposits for expanding overseas E-commerce markets of the same amount, respectively.

38. RELATED PARTY TRANSACTIONS

Compensation of key management personnel is as below:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Fees	317	330
Salaries and other benefits-in-kind	6,239	5,878
Contributions to retirement benefits scheme	158	208
Equity-settled share-based expenses	197	2,762
	6,911	9,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities HK\$'000	Accrued share issue costs* HK\$'000	Obligation arising from a forward contract with non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2024	41,359	1,103	45,632	88,094
Early termination	(9,252)	–	–	(9,252)
Financing cash flows	(10,550)	–	(7,906)	(18,456)
Finance costs	1,222	–	–	1,222
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	–	–	3,431	3,431
Exchange realignment	(613)	(23)	(1,021)	(1,657)
At 31 December 2024	22,166	1,080	40,136	63,382
Early termination	(7,136)	–	–	(7,136)
Financing cash flows	(8,432)	–	–	(8,432)
Finance costs	711	–	–	711
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	–	–	2,946	2,946
Exchange realignment	342	27	1,058	1,427
At 31 December 2025	7,651	1,107	44,140	52,898

* The accrued share issue costs are included in “accrued listing expense/shares issue costs” as set out in note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

At the end of the reporting period, the Company has direct and indirect interests in the following subsidiaries, particulars of which are set out below:

Name of subsidiaries	Legal form	Place and date of establishment/ incorporation and operation	Issued share capital/paid up registered capital	Proportion of interest and voting power held by the Group At 31 December		Principal activities
				2025 %	2024 %	
Directly held:						
Joy Spreader Interactive Technology (HK) Limited	Limited liability company	Hong Kong 28 March 2019	HK\$1	100	100	Investment holding
Indirectly held:						
樂享互動集團有限公司 Joy Spreader WFOE	Wholly-foreign owned enterprise	PRC 22 May 2019	RMB100,000,000	100	100	Investment holding
Joy Spreader International	Limited liability company	Hong Kong 25 October 2019	HK\$10,000	90	96	Trading business
霍爾果斯樂享互動網絡科技有限公司 Horgos Joyspreader Interactive Technology Co., Ltd (i)	Limited liability company	PRC 24 March 2020	RMB110,000,000	100	100	Digital marketing
樂享互動(南京)投資有限公司 Joy Spreader (Nanjing) Investment (i)	Wholly-foreign owned enterprise	PRC 17 November 2020	US\$14,960,000	100	100	Investment holding
樂享互動(南京)網絡科技有限公司 Joy Spreader (Nanjing) Interactive Technology Co., Ltd (i)	Limited liability company	PRC 23 November 2020	RMB84,600,000	100	100	Digital marketing business and the relevant services
Consolidated Affiliated Entities:						
北京樂享互動網絡科技股份集團有限公司 Beijing Joyspreader (i)	Joint stock limited liability company	PRC 9 October 2008	RMB16,312,632	100	100	Digital marketing business and the relevant services and investment holding
霍爾果斯耀西網絡科技有限公司 Horgos Yaoxi Internet Technology Co., Ltd (i)	Limited liability company	PRC 19 March 2017	RMB10,000,000	100	100	Digital marketing business and the relevant services
霍爾果斯智普數聯網絡科技有限公司 Horgos Zhipu Shulian Internet Technology Co., Ltd (i)	Limited liability company	PRC 7 January 2020	RMB10,000,000	100	100	Digital marketing business and the relevant services

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	As at 31 December	
		2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSET			
Interests in subsidiaries		–	259,451
		–	259,451
CURRENT ASSETS			
Bank deposits		–	17,525
Bank balances and cash		153,139	142,532
Other receivables		13,937	11,127
		167,076	171,184
CURRENT LIABILITIES			
Other payables		6,286	3,945
Amount due to a subsidiary		36,352	35,424
		42,638	39,369
NET CURRENT ASSETS			
		124,438	131,815
TOTAL ASSETS LESS CURRENT LIABILITIES			
		124,438	391,266
CAPITAL AND RESERVES			
Share capital	31	24	24
Reserves		124,414	391,242
TOTAL EQUITY			
		124,438	391,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movements in the Company's reserves

	Share premium HK\$'000 (note 32)	Other reserve HK\$'000 (note 32)	Translation reserve HK\$'000 (note 32)	Accumulated losses HK\$'000	Share-based payments reserve HK\$'000 (note 32)	Total HK\$'000
As at 1 January 2024	1,978,184	(3,205)	(61,907)	(206,326)	–	1,706,746
Loss and total comprehensive expense for the year	–	–	(17,638)	(1,297,866)	–	(1,315,504)
At 31 December 2024	1,978,184	(3,205)	(79,545)	(1,504,192)	–	391,242
Profit (loss) and total comprehensive income (expense) for the year	–	–	65,293	(332,121)	–	(266,828)
At 31 December 2025	1,978,184	(3,205)	(14,252)	(1,836,313)	–	124,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. DISPOSAL OF SUBSIDIARIES

On 25 February 2025 and 8 May 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	(23)
	<hr/>
Net assets disposal of	187
	<hr/>
Consideration received:	
Total consideration received	–
	<hr/>
Loss on disposal of subsidiaries:	
Consideration received and receivable	–
Net assets disposed of	(187)
	<hr/>
Loss on disposal	(187)
	<hr/>
Net cash outflow arising on disposal:	
Cash consideration	–
Less: cash and cash equivalents disposed of	(95)
	<hr/>
Net cash outflow on disposal	(95)
	<hr/>

DEFINITIONS

“1P Traffic”	first-party traffic
“AIGC”	artificial intelligence generated content
“AGM”	the annual general meeting of the Company to be held on June 26, 2026
“app”	mobile application
“Articles of Association”	the current memorandum and articles of association of the Company, being the second amended and restated memorandum and articles of association
“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
“CAGR”	compound annual growth rate
“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 annual report, Hong Kong, Macau Special Administrative Region and Taiwan

DEFINITIONS

“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
“Director(s)”	the director(s) of the Company
“ESG”	environmental, social and governance
“Foreign Investment Law”	the PRC Foreign Investment Law 《(中華人民共和國外商投資法)》
“FVTPL”	fair value through profit or loss
“FVTOCI”	fair value through other comprehensive income
“GDP”	gross domestic product
“GMV”	gross merchandise volume
“Group”, “the Group”, “Joy Spreader Group”, “we” or “us”	our Company, its subsidiaries and the consolidated affiliated entities at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the subsidiaries of our Company or the businesses operated by its present subsidiaries (as the case may be)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 (樂享互動有限公司)), a company incorporated in the Cayman Islands on February 19, 2019 as an exempted company with limited liability

DEFINITIONS

“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 (香港樂享互動集團有限公司), a company incorporated in Hong Kong on October 25, 2019 as a limited liability company and a wholly-owned subsidiary of us
“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, 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
“Mr. Zhu”	Mr. Zhu Zinan (朱子南), our Chairman, executive Director, chief executive officer and one of our Controlling Shareholders
“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

“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, Jiaying Baozheng Investment Partnership (Limited Partnership) (嘉興寶正投資合夥企業(有限合夥)), Beijing Daoyoudao, Nanjing Pingheng Capital, Mr. Zhang Zhidi, Mr. Chen Liang, Shanghai Jinjia, Mr. Guo Zhiwei, Ms. Zhang Yue, Ms. Zhang Wenyan, Ms. Xue Xiaoli, Ms. Zhu Xifen, Mr. Xiong Chi and Ms. Huang Huijuan, who are shareholders of Beijing Joyspreader
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the twelve months period from January 1, 2025 to December 31, 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

DEFINITIONS

“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 annual 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.