Joy Spreader Group Inc.
樂享集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6988)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2026

The board of directors (the "**Directors**") (the "**Board**") of Joy Spreader Group Inc. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries ("**Joy Spreader Group**" or the "**Group**") for the six months ended June 30, 2026 (the "**Reporting Period**"), together with the comparative figures for the six months ended June 30, 2025 as follows:

FINANCIAL RESULTS HIGHLIGHTS

	For the six months ended June 30		Year-on-year changes Increase/ (Decrease)
	2026 (Unaudited)	2025 (Unaudited)	
	(HK$ in millions, except for percentages)		
Revenue	**48.50**	8.89	445.56%
Gross profit	**9.44**	4.85	94.64%
Loss for the period attributable to owners of the Company	**(26.76)**	(85.56)	(68.72)%
Net loss margin	**(55.18)%**	(962.43)%	907.25[1]
Loss per Share			
– Basic (HK cents)	**(1.13)**	(3.61)	(68.70)%
– Diluted (HK cents)	**(1.13)**	(3.61)	(68.70)%

Note:

(1) Changes in percentage points.

Highlights of the Group's operational results for the Reporting Period, together with comparative figures for the corresponding period in 2025, are as follows:

OPERATIONAL RESULTS HIGHLIGHTS

	For the six months ended June 30		Year-on-year changes Increase/ (Decrease)
	2026	2025	
	(HK$ in millions, except for percentages)		
Al marketing business			
Sales	**46.52**	1.87	2,387.70%
AI overseas marketing business			
Sales	**–**	3.38	(100.00)%
Culture business			
Sales	**0.31**	3.40	(90.88)%

CORPORATE PROFILE

In the first half of 2026, the Group proactively drove full-link technological innovation. It upgraded its core marketing logic from the traditional static tag-matching model to an integrated system encompassing three major technology architectures: AI (artificial intelligence) intelligent marketing Agent, GEO (generative engine optimization) and AIGC (artificial intelligence generated content) multi-modal content production, thereby seizing the first-mover advantage in traffic entry points in the generative AI era. Through the construction of proprietary computing power, the development of AI marketing model knowledge bases, as well as the implementation of large-scale vertical-domain model training targeted at core scenarios including AI marketing in and outside the PRC and digital assets, the Group has overcome the reliance of traditional algorithms on existing data. The Group built a competitive barrier centered on AI marketing technologies, comprehensively achieving a strategic upgrade from being "algorithm-driven" to being "driven by vertical AI marketing models and generative technologies", which lays the foundation for subsequent growth in revenue scale and profitability. In 2018 and 2022, the Group completed strategic equity investments in Shenzhen Huayue Wenyu Technology Co., Ltd. (深圳華悅文娛科技有限公司) (formerly known as Shenzhen Yingyi Vision Technology Co., Ltd. (深圳影漪視界科技有限公司), "**Huayue Wenyu**") and Poly Joy Spreader Digi-Entertainment (Beijing) Co., Limited (保利樂享文娛科技(北京)有限公司) ("**Poly Digi-Entertainment**"), respectively. Both investee companies are leading content operators in domestic online short drama sector. The Group has connected its underlying AI marketing middle platforms and data exchange interfaces with theirs, and entered into long-term priority placement cooperation arrangements with them. Such in-depth equity-based synergies are not subject to the one-year term of the annual cooperation framework, and constitute the stable core revenue base of the Group.

AI-driven Transformation and Full-scale Technology Transformation of Traffic Platforms

The Group has conducted an in-depth analysis of the underlying operation logic of top-tier traffic platforms. Mainstream platforms such as Douyin and WeChat have completed a full-dimensional AI architectural restructuring, whereby platform tagging systems have iterated from traditional static classification models to dynamic multi-modal real-time recognition systems. Core processes such as omni-domain audience targeting, advertising creative optimization, and budget allocation are now fully automated by platforms' AI. The past business models of third-party operators relying on manual tagging and independent matching algorithms for operations have lost their competitive foundation. Failure to complete the iteration of technology systems in tandem will render it difficult to adapt to the new industry competitive landscape. In response to this irreversible trend of technological innovation in the industry, the Group has fully commenced the AI-adaptive upgrading of its proprietary marketing platform to seize the early-mover advantage amid the industry's transition.

In response to the foregoing changes in the industry environment and its own long-term development needs, the Group has implemented three core technological upgrade initiatives to establish differentiated competitive barriers, the details of which are as follows:

1. *Upgrade of the Full-process AI Delivery Algorithms to Align with the Platforms' New Marketing Rules*

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, AI-powered intelligent budget allocation, cross-domain collaborative optimization and real-time performance tracking. Such transformation fully complies with the platforms' AI advertising rules, restores delivery performance to the optimal range, effectively improves the conversion rates of clients' advertisement, reduces marketing costs and provides core support for the Group's performance improvement.

The Group has entered into an official exclusive strategic cooperation agreement with Volcengine, to obtain official authorisation for ByteDance's underlying large models, dynamic multi-modal tags, and exclusive API interfaces for omni-channel delivery. Such ecosystem resources are only granted to a select few leading vertical operators, and ordinary third-party service providers are not eligible for equivalent access qualifications. If clients were to change their advertising delivery partners, they would be required to complete the entire process anew, including platform qualification review, system integration, and multiple rounds of delivery performance testing, which would incur substantial time and traffic costs. This gives rise to low client propensity to switch service providers, thereby reinforcing the long-term stability of the cooperation.

2. *Self-developed AIGC Multi-modal Content Production System to Achieve Computing Power-driven Scalable Creation*

The Group has independently developed an AIGC creation engine compatible with major traffic platforms. The engine is capable of automatically generating advertising creatives based on the audience characteristics of the platforms, product attributes, placement scenarios, and historical conversion data, and can generate, in batches and within seconds, marketing copy, promotional images, short videos, and short drama promotional materials. By analysing target audience preferences, key selling points of products, platform content requirements, and real-time placement data, the system generates advertising content that better aligns with the platform audience's interests and product communication needs, thereby improving quality of the materials, approval rates, and placement conversion performance.

The Group's content production model has been comprehensively upgraded from a traditional manpower-driven approach to a computing power-driven approach, achieving an exponential increase in creation efficiency and significantly reducing content development costs. It can sustainably fulfill the supply of large-volume, high-quality, and multi-scenario advertising content required by the AI ecosystems of the platforms, providing core technological support capabilities for growth-oriented businesses such as short dramas and trendy toys.

3. Establish GEO Capabilities to Capture Traffic Entry Points in the AI Era

Unlike most industry peers that focus solely on AIGC content development, the Group has made a forward-looking strategic deployment in the GEO technology system, with a focus on seizing the next-generation AI retrieval traffic sector. Leveraging its self-developed proprietary technology architecture, the Group is able to enhance the exposure weight and credible visibility of clients' content within AI-generated responses, enabling our partners to secure the first-mover advantage in conversational AI traffic. This technology, together with the AIGC content system, creates a dual competitive shield and jointly constructs three independent technological barriers of "Omni-channel AI Advertising and Marketing + AIGC Content Production + GEO Traffic Optimization". These barriers are difficult for industry peers to imitate or replicate, conferring upon the Group distinctive competitive strengths in the fields of short dramas, trendy toys, and brand omni-channel marketing.

Through this full-process technology iterative upgrade, the Group has completed an overall transition from traditional static algorithm-based advertising to AI-powered omni-channel intelligent marketing. It has achieved the reconstruction of its underlying technology infrastructure, the intelligentisation of its entire business operation logic, and the full-process automation of content production, becoming a marketing technology enterprise taking the lead in the industry to complete the adaptation of its platform to the AI ecosystem. This technological innovation effectively mitigates the risk of the traditional operational model being phased out by industry iterations. It also lays a solid technology foundation for the Group to deepen its presence in the high-growth short drama and trendy toy sectors and achieve sustained improvement in profitability, thus significantly reinforcing its long-term competitive strengths.

Synergy Among Three Core Technologies and Core Competitive Advantages

In addition to completing the iterative upgrade of the underlying architecture of its AI-powered omni-channel marketing, the Group has made a forward-looking deployment of GEO (Generative Engine Optimization) technology, building core differentiated competitive attributes that distinguish it from market peers. At present, all major search engines and traffic distribution channels are undergoing full transformation towards generative AI architectures, and traditional traffic operation models have become ill-suited to the new industry ecosystem. As the core tool for capturing next-generation AI retrieval traffic, GEO technology establishes long-term competitive barriers for the Group, continuously unleashes technological value, and delivers stable long-term returns to Shareholders.

1. *AI-powered Omni-domain Intelligent Marketing System, Solidifying the Foundation for Long-term Profitability*

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2. *All-scenario AIGC Content Production Capability, Supporting Synergistic Revenue Growth Across Multiple Segments*

The Group has established a multi-modal AIGC content production system covering texts, images, short videos, scripts, and digital avatars, which can automatically generate advertising materials that match advertisement placement requirements based on the audience profiles of various platforms and product attributes, while possessing real-time content development capabilities across languages and cultures. Such a technology system not only provides high-throughput advertising material support for our omni-channel precision marketing businesses in domestic short videos and trendy toys, but also meets the material production demands for overseas short drama distribution and overseas promotion of high-gross-margin consumer goods. This enables resource sharing and synergistic operation across domestic and overseas marketing business formats, continuously unlocking incremental profit potential.

In the future advertising and marketing sector, as major traffic platforms comprehensively complete the iteration of their underlying AI architectures, the traditional model relying on manual planning, shooting, and editing to produce advertising materials-characterized by relatively low efficiency and high costs-will struggle to match the dynamic traffic distribution and massive placement demands of platforms. Large model-based AIGC advertising material generation technology will become a standard supporting capability in the industry. The Group's self-developed multi-modal AIGC system is positioned to keep pace with industry development trends, continuously iterate its material modelling and optimization capabilities, consolidate its technological competitive barriers, and leverage high-growth domestic and overseas marketing segments to realise the long-term release of incremental business growth.

3. GEO Technology Empowering Traffic Growth and Strengthening Overall Competitiveness

As traffic entry points fully enter the generative AI era, the exposure weight of clients' content within the AI retrieval scenarios directly determines clients' ability to acquire traffic. Leveraging its self-developed proprietary technology architecture, the Group optimizes the display weight and content credibility of its partners' brands and drama content in AI interactive retrieval scenarios, and assists clients in capturing new traffic channels, which could further enhance the stickiness of client collaboration, broaden the space for revenue growth, and achieve the enhancement of Shareholder value.

Business Deployment and Breakthroughs in Incremental Growth

In line with the industry trends of comprehensive AI architecture iterations across across major traffic platforms and the continuous upgrade of new consumption verticals, the Group adopts an operating strategy of "stabilising cash flows from existing businesses while cultivating growth momentum in emerging segments", and has delineated four major segments for coordinated business planning:

1. AI Marketing: Consolidating Existing Cash Flow and Cultivating Incremental Profit Sources

Existing business: We continue to operate mature businesses such as marketing agency and advertising top-up agency, maintaining long-term cooperative relationships with existing clients. This solidifies the foundational cash flow base of the Group and provides stable financial support for technology R&D investment and new business expansion.

Incremental business: The Group focuses on two high-growth niche sectors, namely online short dramas and trendy toys, both of which demonstrate rapid market expansion momentum and substantial profit upside. Relying on its self-developed AIGC and GEO technologies, the Group fully unlocks traffic value, achieving simultaneous improvement in placement efficiency and customer conversion performance. Going forward, the Group will progressively allocate additional resources to this segment, which is expected to become a core profit growth engine, driving overall performance improvement.

2. *AI Overseas Marketing: Controlling Risks via Asset-light Model and Expanding into the Incremental Southeast Asian Market*

The Group has fully empowered its cross-border operations through AI technologies and completed an asset-light strategic transformation, effectively mitigating operational risks relating to inventory and trade receivables, while simultaneously enhancing the overall profit margins. Backed by the self-built MARTOP operation platform and a full suite of self-developed AI advertising delivery models, the segment focuses on overseas short drama distribution and targeted overseas promotion of high-gross-margin non-3C consumer goods. At the current stage, the MARTOP platform already commenced generating commission-based revenue. The Group will continue to unlock Southeast Asia market potential, where internet penetration rate is rising sustainably and household consumption demand remains robust. Going forward, the Group will scale up business operations in an orderly manner, with a view to delivering consistent incremental revenue on an ongoing basis.

3. *Cultural Business: Dual Drivers of Central SOE Resource Synergy and Technology to Unlock New Profitable Growth Tracks*

Benefiting from national policy support for cultural digitalisation, the Group continues to deepen its strategic collaborative synergy with Poly Digi-Entertainment, a mixed-ownership reform entity of a central state-owned enterprise (SOE). The Group is actively deploying AIGC full-chain content development business, forming a dual-wheel development framework underpinned by "AI technology empowerment + central SOE resource support". This initiative cultivates a new profit-generating segment and injects growth momentum into the long-term development of the Group.

4. *Full-domain Operation and Management Upgrade Solution Centred on AI Agents*

With reference to the digital and intelligent transformation practices of industry-leading enterprises, the Group intends to use AI agents as its underlying technology foundation to drive systematic upgrades covering the entire business chain, all operational processes, and all management dimensions. The Group will establish a new-generation digital and intelligent operation management architecture that is technologically advanced, autonomous and collaborative, highly efficient and streamlined. Going forward, expenditure relating to Token procurement and consumption for AI training will account for a significant portion of the Group's future research and development expenditure.

OUTLOOK

The Group has always adhered to its core positioning of precision performance marketing, with its self-developed full-stack AI technologies serving as a core driver of long-term development. The Group has continuously iterated and optimized its three technological systems, namely AI-powered full-domain placement, AIGC content creation and GEO traffic optimization, while concentrating resources on four high-growth segmented areas, namely online short dramas, trendy toys, Southeast Asian overseas marketing and cultural content, with a view to facilitating the commercial application of its technological capabilities and expanding its customer base in an orderly manner.

To safeguard operational continuity, the Group has established a three-tier customer management structure to ensure customer stability. The first tier comprises equity-based strategic partners, with whom the Group has entered into long-term priority placement arrangements, and such cooperative relationships are not constrained by the term of any single annual cooperation framework. The second tier comprises existing long-term market-based customers, for whom annual renewals involve only adjustments to placement budgets, without the need to repeat technical integration and placement testing, thereby ensuring a smooth continuation of the cooperation process. The third tier relates to the team's ongoing discussions with high-quality content providers and trendy toy brands in the industry regarding potential annual cooperations, which effectively mitigates revenue volatility arising from the expiry of any single agreement. The long-term revenue forecasts for 2027 to 2030 are separately calculated based on three dimensions, namely the year-on-year increase in placements by equity-based cooperative customers, the organic business growth of existing customers and the newly added framework cooperation businesses each year, rather than a simple assumption of automatic renewal of existing agreements. The budget formulation logic is therefore sufficiently prudent.

Based on current progress achieved in technological transformation and the growth trends across industries, the Group expects its loss scale to continue narrowing in subsequent periods and gradually realize overall profitability. In the long term, relying on its comprehensive AI technological barriers which are difficult for competitors to replicate, its deep synergies with cultural and entertainment resources from central SOEs and its forward-looking positioning in high-potential segments, the Group is well-positioned to establish a leading position in the AI-powered precision marketing industry, continuously improve profitability and deliver sustainable and stable investment returns to all shareholders. Meanwhile, the Group remains objective in recognizing the staged pressure arising from the not yet fully recovered operating scale in the short term, and will continue to advance technological transformation as a key driver to strengthen the foundations of its full-value-chain business and build momentum for long-term growth.

I. BUSINESS INTRODUCTION

Based on more than ten years of industrial and technological accumulation, with massive marketing data processing and algorithmic model research and development capabilities, combined with industry-leading AI large model technologies, the Group has continuously invested in the research and development of proprietary computing power infrastructure, AI marketing knowledge base, and proprietary models tailored for specific verticals, and successfully accomplished the strategic transition from "traditional algorithm-driven marketing" to "vertical AI marketing integrated with generative technology-driven marketing".

Building on the results of the foregoing upgrade to its technological architecture, the Group has structured its business into three highly collaborative core business segments:

Firstly, the AI marketing segment is the Group's core source of revenue, covering two established existing services and two emerging growth tracks, namely marketing agency and advertising top-up agency, as well as short drama distribution and trendy toy precision marketing. With the deep integration of three self-developed technological systems: AI-powered full-domain intelligent marketing, GEO (Generative Engine Optimization) and AIGC multi-modal content generation, and the completion of proprietary computing power construction and the establishment of marketing-specific knowledge base system, the segment provides various cooperative customers with customized and integrated solutions for precision information promotion.

Secondly, the AI overseas marketing segment takes Southeast Asia as its core target market. Relying on the self-built E-commerce platform MARTOP and proprietary AI marketing intelligent Agent, it builds a complete overseas traffic marketing ecosystem under an asset-light operating model, focusing on two core businesses: overseas distribution of short dramas and precise overseas promotion of high-margin non-consumer products.

Thirdly, the culture business segment has achieved in-depth strategic collaboration through Poly Digi-Entertainment, a joint venture established with a central SOE in the cultural sector. This segment covers the core area of AIGC content development and supports the digital upgrading of the cultural industry.

The resources and technologies of these three segments are interconnected. The underlying AI marketing technologies can directly empower customer acquisition in its overseas business, and the AIGC content production capabilities support both domestic short drama distribution and content output for the culture business segment. Such cross-segment collaboration forms a differentiated competitive advantage that is difficult to replicate in the market.

1. AI Marketing Segment

As the core revenue pillar of the Group, the AI marketing segment integrates the traditional existing services and emerging growth track businesses to realize a dual-engine development pattern characterized by the stable operation of existing businesses and the scaled growth of emerging businesses. Since the second half of 2024, the Group has initiated supporting upgrades and modifications to its proprietary marketing platform in response to the iterations of the AI architectures of major traffic platforms. The full adaptation of the platform's AI ecosystem was completed in 2025. At the system level, the platform precisely matches the new operational rules of various mainstream platforms, laying a solid technical foundation for the segment's development objective of "stabilising existing businesses and pursuing breakthroughs in incremental growth".

In the first half of 2026, the existing marketing agency and advertising top-up agency businesses continued to carry out customer maintenance and retention initiatives, sustaining stable foundational cash flows reliant on long-term platform cooperation qualifications. Benefiting from the Group's AIGC and GEO technological capabilities, the two major incremental businesses, short drama distribution and trendy toy precision marketing, continued to expand their customer base. Aligning with the rhythm of peak industry seasons, these businesses progressively scaled up their marketing volumes, while the conversion effectiveness of relevant placements continuously improved. At the industry level, the sub-markets for short dramas and trendy toys maintained a high-growth momentum, providing sufficient room for the future growth of the segment.

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

Marketing agency is the Group's traditional foundational performance-based marketing service, which in its early years primarily served online literature and mini-program game customers. In response to the comprehensive AI architecture upgrades by major traffic platforms, the Group successfully completed the full-line iteration of its proprietary label systems and placement algorithms. By fully adapting to new platform rules such as dynamic multi-modal recognition and AI global collaborative placement, it continues to provide precise traffic matching services for its traditional existing customers.

Advertising top-up agency is a supporting derivative service. Relying on long-term cooperation qualifications with platforms such as Douyin and Tencent, it provides its cooperative customers with asset-light supporting services, including account top-ups and basic account custodianship. This maintains the cooperation stickiness of existing customers and stabilizes the basic fundamentals of the Group's cash flows.

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

The Group focuses on two high-growth segmented tracks: online short dramas and trendy toys. Relying on its proprietary AIGC and GEO technological systems to empower the entire business process, the Group fully unearths the commercial value of traffic and achieves synchronous improvement in placement operation efficiency and customer conversion levels.

Short drama distribution constitutes the core incremental business of the Group for 2026, with service targets encompassing various types of short drama content production agencies. Leveraging comprehensive AI technological capabilities, it provides integrated services comprising omni-channel distribution and precise platform traffic placement for live-action short dramas and AIGC comic dramas. The Group has established cooperative relationships with industry-leading content entities, including Poly Digi-Entertainment, Huayue Wenyu, Guangxi TEAMMI (廣西天美文化), and Xingji Digital (星際數科), to jointly develop multi-genre short and medium drama products and facilitate distribution and promotion through mainstream short video channels such as Douyin. The revenue of this segment is recognized based on actual placement performance, with profit primarily derived from content distribution profit-sharing and traffic placement service fees.

The trendy toy precision marketing business focuses on the trendy consumption market of Generation Z. Utilizing technical measures such as AI user portrait modelling, dynamic multi-modal label matching, and customized AIGC marketing material generation, it provides trendy toy brands and digital collection platforms with one-stop solutions that encompass new product promotion, precise placement within vertical circles, circle operations, and live-streaming supporting marketing. The Group's core algorithms enable advertising content to accurately reach target audiences, effectively enhancing content exposure, click-throughs, and overall conversion performance. At present, the Group has reached long-term operational collaborations with industry-leading trendy collectible platforms.

2. AI Overseas Marketing Segment

The Group has fully transitioned to a technology-driven asset-light operational model, and focused on the Southeast Asian market by utilizing the self-built MARTOP platform as the carrier, paired with an AI placement model tailored for overseas market scenarios. The business is divided into two main directions: the distribution and promotion of overseas short dramas, and precision traffic acquisition for high-margin consumer products. It has deeply integrated with global mainstream traffic channels such as TikTok, YouTube, Meta, X, and Amazon, providing full-link performance marketing services and charging service commissions based on transaction scale. Currently, the platform has generated stable commission revenue. Subsequently, it will continue to expand content and brand customer resources in Southeast Asia.

3. Culture Business Segment

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". It focuses on the core area of AIGC content production, achieving strategic upgrading and high-quality development.

(1) AIGC Content Production

Poly Digi-Entertainment has seized the opportunities from the development of strategic emerging industries under the national 15th Five-Year Plan by building an AIGC application aggregation platform. The Company has concentrated its resources on core business to develop specialized and differentiated competitive strengths, striving to become an "AI + content" innovative demonstration carrier within the Poly Culture system, while simultaneously serving as the core central SOE partner for the digital and intelligent culture and tourism integration projects undertaken by local governments.

Leveraging its accumulated algorithm and data capabilities, together with the original digital contents and IP resources of Poly Culture Group, the Group focuses on the research and development and industrial implementation of vertical AI models in the cultural and entertainment track. It outputs AIGC technology supporting services for the full-chain production, undertaking and distribution of cultural and entertainment products. The business covers scenarios such as customized virtual digital humans, intelligent voice synthesis, image material generation, automated short video production, AI script creation, pre-production static and dynamic storyboard design, and post-production special effects customization. At the same time, it jointly develops a holographic display system with Poly Digi-Entertainment, achieving the integrated application of AIGC technology and holographic display scenarios.

Among these, the AI digital human is a comprehensive intelligent interaction carrier created by Poly Digi-Entertainment by integrating multiple AI technologies. Based on the Tongyi Qianwen (通義千問) large model, the product has completed knowledge fine-tuning training exclusive to culture and tourism scenarios as well as the Poly system. It is equipped with an independent security and risk review mechanism and a human-like knowledge graph to achieve smooth and natural interactions, while reserving multi-modal expansion interfaces to flexibly dock with diversified commercial scenarios. The product can be applied in fields such as digital window displays, clothing brand promotion, live broadcasting of artistic performances, museum digital exhibitions, and large-scale exhibition activities, outputting scenario-based overall digital cultural and entertainment solutions. The "AIGC Digital Human Culture and Tourism Interactive Service Scenario (AIGC 數字人文旅交互服務場景)" developed by Poly Digi-Entertainment was shortlisted in the final review of high-value strategic scenarios of artificial intelligence among central SOEs, receiving high recognition from the evaluation experts of the State-owned Assets Supervision and Administration Commission (SASAC).

Poly Digi-Entertainment has established a brand-new content production paradigm known as "AI Collaborative Creation" to build an intelligent film and television content generation platform featuring multi-model coordination. The platform is connected to domestic mainstream video generation large models such as Seedance 2.0 and includes built-in intelligent content review and post-production special effects modules, capable of supporting the large-scale production of all types of AI film and television content. The core competitive advantages of the platform are reflected in four dimensions: efficient and compliant review of generated content based on a biometric identification database; cinema-grade visual output through ultra-high-definition image generation and intelligent shot editing capabilities; precise production of technically demanding special effects shots through AI skeletal recognition and dynamic simulation technologies; and digital and intelligent management and control of the entire AI production process, enabling refined management of Token consumption and traceability of costs to specific personnel. The overall system has delivered integrated improvements in quality, efficiency and cost control for film and television content creation.

At the level of film and television project implementation, the Group comprehensively applies Poly Digi-Entertainment's AIGC technology to empower the entire process from pre-production planning to post-production, effectively reducing content production costs while optimizing output efficiency and film quality. In 2026, the Group achieved the full-domain implementation of its self-developed AIGC technology in film and television projects and independently developed original AI comic drama works, fully realizing the value of the technology in cost reduction and efficiency enhancement. The results of Poly Digi-Entertainment's technological transformation of its film and television business to short and medium dramas and interactive film games have also strengthened the technological foundation for the Group's expansion into the short-to-medium series market.

In terms of commercialization, the Group has reached a cooperation agreement with ByteDance to jointly develop a high-quality short drama adapted from the Tomato Novel IP "No Sacrificing Skirts but Beacon Fire (《不祭羅裙祭烽火》)", which was launched and broadcasted across all platforms in April 2026.

(2) Culture and Tourism Digital New Media

This segment fully integrates Poly Culture's rich government and central SOE resources, together with the Group's leading digital new media marketing capabilities, to focus on the digital culture and tourism integration track. Geared towards governments at all levels, central SOEs, and private institutions, it provides comprehensive services such as city brand promotion, new media omni-domain operation, e-commerce empowerment, and the planning and operation of culture and tourism projects. The business reshapes traditional publicity models through digital means, effectively enhancing content dissemination penetration and brand influence, and has currently accumulated a substantial amount of high-quality government and enterprise customer resources.

Relying on Poly Digi-Entertainment's comprehensive cultural resources, solid foundation in film and television production, government-enterprise cooperation basis, and digital marketing capabilities, the segment focuses on the implementation of core businesses such as the promotion of local culture and tourism brands, the hosting of large-scale cultural and entertainment events, and the overall planning and operation of culture and tourism projects, to construct a technology-empowered and culture-driven digital and intelligent culture and tourism service system.

In terms of key project implementation, the Group undertook the digital culture and tourism image planning and design project for Zhaotong City, completing the design of 8 city digital images alongside supporting AI digital human development work. Deeply integrated with Zhaotong's regional culture, natural landscapes, and industrial characteristics, the project originated the Apple Bear and His Friends (《蘋果熊和他的朋友們》) series of city digital IPs. These IPs can subsequently be widely applied across diversified scenarios such as city culture and tourism promotion, intelligent guided tours in exhibition halls, digital marketing of agricultural products, and the development and sales of cultural and creative products, achieving the commercialized and branded operation of city IPs.

In the construction of national-level digital culture and tourism scenarios, Poly Digi-Entertainment has reached in-depth cooperation with the China Science and Technology Museum. In October 2025, it landed a national-level VR immersive art space, creating three core immersive operational scenarios: the Da Vinci MR experience, the Dinosaur VR scenario, and the VR Flying Chair. In January 2026, a similar national-level VR immersive art space jointly developed with the Tianjin Science and Technology Museum was officially opened to the public, continuously providing high-quality digital technology-enabled culture and tourism experience services.

Furthermore, the Group actively promotes the digital dissemination of red culture by implementing the VR immersive red-themed study tour campus project, and collaborating with multiple primary and secondary schools in Beijing. Through immersive scenarios such as Half a Quilt (《半條被子》) and Retracing the Long March (《重走長征路》), it builds demonstration scenarios for digital red-themed ideological and political education, assisting in the inheritance of red culture and the digital and intelligent upgrade of ideological and political education on campuses.

II. THE INDUSTRY WHERE WE OPERATE

1. AI Global Marketing Track: Technological Iteration Reshapes the Industry Ecosystem Landscape

With mainstream domestic traffic platforms having comprehensively completed their AI architecture upgrades, the marketing industry is ushering in profound structural changes. Traditional static user label systems are evolving into dynamic, multi-modal recognition mechanisms, and the placement logic has comprehensively entered a stage of AI global collaboration precision operation. Data compliance capabilities and intelligent matching efficiency have become the core competitive barriers within the industry. The AI precision marketing track deeply cultivated by the Group has become the core hub connecting the demands of brand customers with platform traffic resources. In particular, the continuously explosive growth of marketing demands in high-growth sub-sectors, such as short dramas and trendy toys, has opened up vast incremental space for market participants possessing platform AI adaptation capabilities and full-link technical service capabilities. Concurrently, the deep integration of AI technology with marketing scenarios spawns new service models such as AIGC content creation, intelligent dynamic bidding, and real-time performance optimization, thereby driving the industry's transition from traditional traffic placement to a technology-driven, efficiency-prioritized, and high-quality development stage.

2. Asset-Light Overseas Track: Southeast Asian Market Continues to Unleash Incremental Growth Potential

Driven by a young demographic structure, a continuously rising Internet penetration rate, and the consumption upgrade trends, coupled with the regional policy dividends of the RCEP, the Southeast Asian market has become the core growth pole of the global cross-border digital services and E-commerce sectors. As the commercialization systems of overseas short video platforms increasingly mature, the closed commercial loop of "content production + precise traffic operation + online transaction conversion" is rapidly taking shape, and the competitive advantages of a technology-driven, asset-light operating model continue to be highlighted. Currently, the focus of the overseas industry has gradually shifted away from traditional asset-heavy physical trade towards localized content adaptation, precise traffic placement, and the refined operation of high-margin categories, perfectly aligning with the strategic transformation path of the Group's AI overseas marketing, providing a high-quality market foundation and room for growth for the Group's businesses, such as the short drama overseas expansion and the cross-border promotion of non-3C high-margin categories.

3. Cultural Digitalization Track: Dual-Wheel Drive of Policy Dividends and Technological Innovation

Against the backdrop of national policies vigorously promoting the digital transformation of the cultural industry, the deep integration of the cultural and entertainment industry with digital technology has become the core development trend of the industry. Segmented areas such as the compliant inclusion of digital assets into financial statements, blockchain copyright authentication, and AIGC intelligent content production usher in a window of rapid development. Among them, online short dramas, by virtue of their short production cycles, massive user base, and efficient commercial monetization, have achieved sustained and high-speed expansion in market size. Driven dually by the resource empowerment of central SOEs and the iteration of AI technologies, segmented areas such as digital asset operations, digital and intelligent integration of culture and tourism, and positive-energy MCN operations are exhibiting a development trend characterized by compliance, standardization, and scale. The overall cultural industry has transitioned from merely supplying content at scale to a higher-level development stage of deep value excavation, technological empowerment, and scenario application, creating a favorable policy environment and market opportunities for the multi-dimensional strategic layout of the Group's culture segment.

III. CONCEPT SEGMENTS TO WHICH WE BELONG

1. Short Video and Short Drama Concept Segment

Short video has become the core carrier for information dissemination in the PRC and overseas. Major top-tier short video platforms serve as the core traffic sources for the Group's principal businesses, such as algorithm-based precision marketing and traffic generation for cross-border business. The daily average usage time among mobile Internet users continues to rise, and the traffic aggregation effect of short video platforms is continuously strengthening, providing an abundant traffic foundation for performance-based marketing, live E-commerce, and overseas business expansion.

In terms of the short drama track, based on the data from the 2026 In-depth Report on Short Drama Industry (2026 短劇行業深度報告) published by Zero Power (中研普華) in July 2026, the overall market size of micro-short dramas in the PRC approached RMB80 billion in 2026, representing a year-on-year growth rate of over 22%. The Group has been deeply engaged in short video operations for many years, accumulating comprehensive practical experience in the planning, traffic placement, and operation of short dramas. Affected by the tightening regulatory supervision over game licenses and the paid online literature industry, the Group's traditional leisure and entertainment marketing customer business is under pressure. Therefore, the short drama business has been identified as a core growth curve for focused cultivation. Relying on AIGC technology to empower the entire industry chain of short drama creation and market distribution, the Group, in collaboration with partners such as Huayue Wenyu (華悅文娛), Poly-affiliated film and television entities and Star Entertainment, has established an AI-driven, highly efficient and scalable film and television content distribution system, and is committed to becoming a leading AI film and television content distribution service provider in the PRC.

2. Film and Television Entertainment Segment

Leveraging the resources of Poly Digi-Entertainment, a central SOE, across the entire film and television industry chain, the Group carries out the production and omni-channel distribution business of film and television projects. By integrating AIGC technology throughout the entire production chain, including pre-production planning, content shooting, and post-production special effects, the Group achieves a reduction in production costs alongside a simultaneous upgrade in production efficiency and product quality, thereby driving the transformation of the traditional film and television business towards emerging content formats such as short and medium dramas and interactive film games.

Online short dramas are characterized by short production cycles, rapid launch and distribution, and a relatively low concentration of industry competition, with their market size maintaining rapid expansion. In the mobile Internet environment, film and television culture and entertainment contents continue to amass massive user traffic, presenting ample monetization potential for content promotion and distribution, commercial brand collaborations, and film and game linkage. The Group will continue to deeply cultivate the film and television track, build a proprietary content IP traffic matrix, and enhance the capabilities for diversified commercial monetization of content.

IV. OUR STRENGTHS

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

The Group has deeply cultivated intelligent algorithms and AI marketing technologies for more than ten years, building a comprehensive technological system covering data label systems, vertical domain model training, and full-link placement optimization. In response to the industry transformation characterized by comprehensive AI architecture upgrades across mainstream traffic platforms, the Group took the lead in completing the iteration of its proprietary technological system and adaptation to platform rules. It successfully established a dynamic multi-modal recognition mechanism and AI global collaborative placement capabilities, achieving synchronized technology iteration with top platforms. Meanwhile, the Group deeply implemented AIGC technology into core scenarios such as short drama production, creative material generation, and precise traffic placement, forming a stable advantage in technology-driven cost reduction and efficiency enhancement. By leveraging its continuously leading technology iteration capabilities, the Group consolidated the core foundation for the stable operation of existing businesses and the breakthrough growth of incremental businesses.

2. Resource Advantages of Central SOE Synergy and Compliant Operation

Through the establishment of Poly Digi-Entertainment, a mixed-ownership reform platform, via a joint venture with Poly Culture, the Group was deeply embedded into the state-owned cultural industry system, thereby fully accessing the top-tier IP resources of central SOEs, industry integration capabilities, and policy endorsement advantages. The Group also achieved major breakthroughs in the field of compliant operations for cultural digitalization.

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

The Group built a synergistically developing ecosystem encompassing three major segments, namely "AI Marketing + AI Overseas Marketing + Culture Business", sharing its self-developed AI technology, traffic operation experience, and high-quality customer resources across all domains, and forming a closed-loop growth model of "Stabilizing Domestic Existing Businesses, Scaling Up Incremental Businesses in New Tracks, Expanding Overseas Markets, and Empowering the Cultural Business". The Group continued to optimize its operating structure. The overseas business has completely broken away from the traditional asset-heavy trading model and fully transformed into technology-driven asset-light services. The domestic AI marketing focused on high-margin emerging tracks, and the culture business relied on central enterprise resources to achieve asset-light and efficient operations. The overall business structure is continuously optimized, effectively circumventing operational risks such as inventory impairment and fund occupation, and substantially enhancing the Group's anti-cyclical capabilities and overall earnings quality.

4. Growth Advantages of Track Layout and Customer Structure

The Group precisely grasped industry iteration trends and laid out early in high-growth sub-tracks such as short drama distribution, trendy toy precision marketing, short drama overseas expansion, and digital assets, thereby forming an industrial layout featuring risk hedging and dynamic complementarity alongside its traditional mature marketing businesses. At the customer level, a multi-tiered stable system has been established, realizing a diversified landscape where traditional existing customers solidify the fundamental base, customers in emerging tracks contribute to the core incremental growth, and state-owned and central enterprises, as well as government and corporate customers, open up long-term potential space. Concurrently, the Group has established in-depth collaborations with leading industry institutions such as Poly Digi-Entertainment, Huayue Wenyu, and Head Collect Digital to continuously introduce high-quality project resources and commercial scenarios, providing solid growth momentum for the long-term scalable expansion of the business.

5. Technical Barrier Advantages of Forward-looking GEO Deployment

Distinct from the industry's general focus on AIGC content production track, the Group has made a forward-looking deployment in GEO traffic optimization technology, the core traffic entry point in the new AI era, building a dual-core technology system that is rare within the industry. Relying on its self-developed proprietary technology framework, the Group can precisely optimize the weighting, matching accuracy, and credibility of cooperative content in AI retrieval and intelligent recommendation scenarios, thereby assisting customers in capturing the traffic benefits of the AI era. Consequently, the Group has formed a uniquely distinctive triple technological moat of "AI Marketing + AIGC Content + GEO Traffic Optimization" and possesses core competitive barriers characterized by high entry thresholds and difficulty of replication, empowering its incremental businesses including short dramas, trendy toys and brand precision marketing, and continuously consolidating its industry-leading advantages.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Overview of Results**

AI Marketing Business

The AI marketing segment is the core principal business segment of the Group in 2026, generally forming a dual-engine driven structure of "Stabilizing the Fundamental Base with Existing Businesses and Driving Incremental Growth with Emerging Tracks". It encompasses two mature existing businesses, namely marketing agency and advertising top-up agency, as well as two high-growth emerging businesses, namely short drama distribution and trendy toy precision marketing. In response to the structural transformation brought by the comprehensive AI-driven iteration of traffic platforms industry-wide, the Group initiated the comprehensive AI upgrade and technological adaptation of its proprietary marketing platform in the second half of 2024. During the industry transition period, revenue of this segment experienced a phased adjustment. With the full deployment of the Group's multi-modal label system, AI global placement capabilities, and AIGC technology system, business operational efficiency continued to recover, and this segment as a whole entered a phase of technology-driven steady expansion.

I. Marketing Agency and Advertising Top-up Agency (Existing Base Business)

For the six months ended June 30, 2026, the marketing agency and advertising top-up agency business of the Group recorded revenue of HK$46.52 million, representing a increase of 2,387.70% compared to HK$1.87 million in the same period last year. The increase in revenue was primarily attributable to the gradual realisation of the Group's prior strategic layout in AI technology optimization, as well as the continued deepening of its business structure optimization. Leveraging its long-term and stable cooperation qualifications and channel resources with mainstream traffic platforms such as Douyin and Tencent, the Group has increased its investment in independent R&D to develop an AIGC intelligent creation engine compatible with various mainstream traffic platforms. This engine is capable of automatically generating advertising materials based on the audience characteristics of the platforms, product attributes, placement scenarios, and historical conversion data, and can generate, in batches and within seconds, marketing copy, promotional images, short videos, and short drama promotional materials. By conducting in-depth analysis of target audience preferences, key selling points of products, platform content requirements, and real-time placement data, the system dynamically outputs advertising content that better aligns with the platform audience's interests and product communication needs, significantly enhancing material quality, approval rates, and placement conversion performance. Benefiting from AIGC technology empowerment, the operational efficiency and service added value of the Group's targeted marketing services continued to improve: on one hand, the intelligent material generation capabilities substantially reduced the content production costs for customers, effectively strengthening the cooperation stickiness and business scale of existing customers; on the other hand, the improved placement conversion performance has attracted more new customers to onboard our service system, driving steady growth in overall business revenue.

II. Short Drama Distribution (Core Incremental Business)

Short drama distribution is a core incremental business track which the Group focuses on cultivating and fully expanding in 2026. According to data from the 2026 In-depth Report on Short Drama Industry published by Zero Power in July 2026, the domestic micro-short drama market size was approaching RMB80 billion in 2026, representing a year-on-year growth rate of over 22%, and the industry maintained a highly prosperous growth trend. Targeting new B-end customer groups such as short drama production institutions and content publishers, and leveraging its self-developed AI technology system, the Group provided full-chain services including content distribution and precise targeted traffic placement on platforms for live-action short dramas, AIGC comic dramas, and 3D animated dramas. Currently, the Group has entered into business cooperations with high-quality partners including Poly-affiliated film and television production entities, Huayue Wenyu, Guangxi TEAMMI, and top Korean IP animation agency Star Entertainment, to jointly develop various types of short-to-medium dramas works, and to complete omni-channel distribution and precise promotion through mainstream short video platforms such as Douyin. The business revenue is strictly recognized based on actual placement performance, presenting a clear business model and strong sustainability.

III. Trendy Toy Precision Marketing (New High-Potential Consumption Track)

Trendy toy precision marketing is an AI-customized precision marketing service created by the Group targeting the new Generation Z consumption market, representing an emerging growth scenario strategically prioritized within the segment. According to the 2024 Consumer Trends Report on Trendy Toy Industry in China published by iResearch in April 2025, the market size of the trendy toy track grew by 58.3% year-on-year in 2024, short video marketing demands grew by 127%, and the consumption proportion of Generation Z users exceeded 70%, demonstrating ample room for incremental marketing growth in the industry. The Group deeply aligned with the consumption characteristics of young demographics, and through core technologies such as AI user portrait modeling, intelligent matching of dynamic multi-modal label, and the generation of customized AIGC marketing materials, it provided one-stop solutions for trendy toy brands and digital collections platforms, including omni-channel promotion for new products, precision targeted placement within vertical communities, and supporting marketing for live streaming. Since the second quarter of 2025, the Group has officially integrated with the marketing middle platform of "Head Collect", a leading trendy toy trading platform and continuously accumulated high-value vertical user data and application scenario experience, thereby laying a solid customer and data foundation for the subsequent large-scale implementation of AIGC commercial marketing.

AI Overseas Marketing Business

This segment is the core operational segment of the Group following the completion of its overseas strategic transformation. Since the initiation of the strategic transformation at the end of 2023, the Group completely stopped the asset-heavy inventory trading model primarily focused on 3C electronic products, and comprehensively shifted to a technology-driven, asset-light AI precision marketing service system. Focusing on the high-potential core market of Southeast Asia, relying on the self-built cross-border E-commerce platform MARTOP and independently trained AI intelligent marketing Agent, this segment established an asset-light, highly efficient, and low-risk full-link overseas traffic operation ecosystem, thereby realizing a fundamental upgrade of the overseas business from being "goods trade-oriented" to "technology service-oriented".

For the six months ended June 30, 2026, the Group recorded revenue of HK$nil million from AI overseas marketing business, representing a decrease of 100% compared to HK$3.38 million in the same period last year. The periodic fluctuations in revenue were primarily attributable to structural adjustments during the transition period of the business model iteration. Since 2025, the Group has continuously validated and implemented a brand-new asset-light matchmaking service model. Compared with traditional asset-heavy trading, the new model eliminated the need to bear heavy operational risks such as goods buyout, inventory stocking, cross-border logistics, and inventory impairment, thereby fully unleashing the Group's core technological advantages in AI algorithm-driven precise marketing. As at the end of the first half of 2026, the overseas business was at the strategic planning stage prior to the full roll-out of the new operating model. On one front, the Group steadily advanced the establishment of its partner cooperation network for overseas markets. Focusing on an asset-light matchmaking service model centred on AI content, the Group conducted multiple rounds of commercial discussions and business model validation with potential counterparties on both the supply and demand sides overseas, with priority placed on refining its AI-driven traffic matching and transaction matching service capabilities. On the other front, the Group continuously iterated its AIGC content generation system adapted for overseas markets, ensuring that the quality of overseas content production and its localised operation capabilities met the standards required for commercial implementation. As the new model remained in the layout and incubation phase covering partnership negotiation, system adaptation and model validation, no sizeable commission income or technical service income had yet been generated. Upon the establishment of the overseas partner ecosystem and the scaling-up of matching services, the Group will attain a more robust profit structure with materially reduced operating risks, and this business line is expected to become an important driver of the Group's medium- to long-term growth.

In terms of the layout of traffic channels, the Group has deeply integrated with global top-tier traffic platforms such as TikTok, YouTube, Meta, X, and Amazon, and has connected with local mainstream social, content, and E-commerce channels in Southeast Asia. It has formed an omni-channel marketing system covering public domain exposure, social media seeding, topic dissemination, precise traffic receiving, and transaction effect conversion, providing overseas suppliers and distributors with customized traffic operation and precise matching services, whereby service revenue is recognized based on the actual transaction scale. During the transformation period, the Group continuously invested in the technical iteration of the MARTOP platform, the optimization of AI placement models, the capacity building for traffic operations, and the expansion of resources on both the supply and demand sides, thereby laying a solid foundation for subsequent scale expansion.

Looking ahead, the segment will continuously deepen its operations by focusing on two core directions for incremental growth. Firstly, it will vigorously advance the overseas expansion of the short drama business, leveraging the mature content resources, AIGC production capabilities, and traffic acquisition and operation experience accumulated from domestic short drama distribution, so as to accelerate the distribution and promotion of high-quality short and medium drama content in the Southeast Asian market. Secondly, it will continuously expand its overseas marketing services for high-margin non-3C product categories, leveraging the technological advantages of self-developed AI multi-modal content generation and precise placement, to continually capitalize on the youth demographic opportunities and consumption upgrade opportunities in Southeast Asia, thereby realizing the stable and high-quality growth of its overseas business.

Culture Business

In the first half of 2026, the culture business segment of the Group continued to leverage the central enterprise resource endowments and industrial advantages of Poly Digi-Entertainment to deepen the iteration of its business strategies and structural upgrading. With the implementation of AIGC technology scenarios and the integration of digital and intelligent culture and tourism as its core principal businesses, the segment achieved synergistic interactions and sound development across various segmented areas.

In terms of AIGC technology empowerment, the Group deeply cooperated with Poly Digi-Entertainment to realize the omni-channel empowerment of film and television content production through AIGC technology. This covered the entire process from early creative planning, scriptwriting, and storyboard design to post-production special effects, thereby effectively optimizing content production costs and enhancing production efficiency and work quality. Relying on a comprehensive upgrade of its technological system, Poly Digi-Entertainment has achieved a strategic transformation of its film and television business by shifting its focus toward emerging and high-potential content formats such as short and medium dramas and interactive film games, which laid a solid technological foundation for the long-term incremental growth of the Group's cultural content business.

In the digital marketing and digital and intelligent culture and tourism business segment, leveraging central enterprise brand and technological advantages, the Group provided governments at all levels, state-owned enterprises, central enterprises, and large private enterprises with comprehensive services such as omni-channel new media operations, city brand image shaping, and digital culture and tourism planning, and has successfully executed cooperative projects with high-quality central enterprise customers such as China State Construction and Poly Group. In terms of scenario implementation, the Group undertook the planning and design project for the digital culture and tourism image of Zhaotong City, and created the original digital city IP series "Apple Bear and His Friends (蘋果熊和他的朋友們)", which broadly empowered scenarios including culture and tourism promotion for cities, digital marketing of agricultural products, and the development of cultural and creative derivatives. The Group successively collaborated with the China Science and Technology Museum and the Tianjin Science and Technology Museum and landed national-level VR immersive art spaces, and operated various technological, culture and tourism scenarios including Mixed Reality (MR) and VR immersive experiences. In addition, the Group actively promoted the digital dissemination of red culture, implemented VR red educational study campus projects, and collaborated with multiple primary and secondary schools in Beijing to create demonstration scenarios for digitalized red ideological and political education.

Progress on R&D

In the first half of 2026, the Group's R&D investment was primarily used for the human costs of the technical team and the R&D expenses for AI technology iteration, in order to continuously consolidate the technological foundation for AI marketing, intelligent content production, and overseas traffic operations. In the second half of 2026, the Group will further step up its R&D investments, with a primary focus covering areas such as the procurement of training data for vertical AI models, the consumption of TOKEN resources for large models, and the implementation of technological scenarios. During the Reporting Period, the R&D efforts of the Group focused on three core directions, namely the AI iteration of its proprietary platforms, AIGC short drama production, and the optimization of overseas traffic models, thereby achieving the deep integration and synchronous iteration between technological R&D and business scenarios.

I. Proprietary Platform AI Upgrade and Algorithm Iteration

In response to the industry transformation driven by the comprehensive AI architecture upgrades of mainstream traffic platforms, the Group completed the overall intelligent transformation of the proprietary precision marketing platform. The Group adopted a technical route of "open-source base + vertical domain model training". Based on mainstream open-source large models such as Llama 3 and Qwen, and integrating its massive placement data accumulated over the long term, the Group independently trained marketing-specific vertical models. Simultaneously, the Group completed a comprehensive upgrade of its user label system from traditional static single-dimensional labels to dynamic multi-modal labels. The system expanded the scale of labels from thousands to tens of thousands and increased the data update frequency from daily to hourly and real-time, thereby significantly improving the precision of user identification and matching efficiency. The platform is deeply docking with the AI interfaces of top-tier platforms such as Douyin Ocean Engine and WeChat Advertising, fully adapting to the new mechanisms of AI global collaborative placement, ensuring that the placement effect remains within the optimal range of platform algorithms, thereby reinforcing its core competitive edge in marketing technology.

II. AIGC Short Drama Content Production Capability Construction

The Group jointly built a standardized AI full-process content production workflow with Huayue Wenyu, driving the deep application of AIGC technology across the entire chain of short drama creation. The technological application scenarios comprehensively covered modules such as AI-driven intelligent script generation, text-to-image material production, image-to-video shot output, AI-assisted finalized video production, and intelligent post-production special effects. At the same time, it developed AI human-simulation technology that integrates images, sounds, and real-time interaction, aiming to establish a highly efficient and intelligent content production system that can be replicated in scale. The entire technological system effectively shortened the production cycle of short dramas, significantly reduced production costs, and enhanced the output quality of finalized videos, thereby providing solid technical support for the subsequent scalable expansion of the Group's short drama distribution business.

III. Overseas Traffic Matching Model Optimization

Targeting the traffic ecosystem and user attributes of short video platforms in Southeast Asia, the Group has continuously iterated and optimized its overseas AI intelligent placement model. By conducting in-depth analysis of the multi-dimensional characteristics of target users, such as gender, age, region, and interest preferences, the Group has built a refined dynamic label matching system. Coupled with secondary modeling that incorporates platform popularity trends, cyclical fluctuations, and seasonal factors, the system intelligently generates real-time and customized overseas placement strategies. Such initiatives have significantly improved the precision of overseas traffic acquisition and transaction conversion efficiency, thereby continuously strengthening the profitability and market competitiveness of the asset-light overseas marketing segment.

The overall R&D investment followed a scientific pace of "substantial upfront investment and subsequent refined iterations". Upon completion of the foundational development and verification of the core models, the R&D focus of the Group will gradually shift from foundation model training to dynamic optimization of business scenarios, and by leveraging real-world business data for continuous iteration and parameter tuning to optimize the input-output ratio while maintaining technological leadership, the Group ensures that R&D investments are highly efficient, precise, and sustainable.

- **Business Outlook and Development for the Second Half of 2026**

In the second half of 2026, the Group will continue to implement its overall strategy of "AI technology-driven development, incremental breakthroughs in new business segment, efficient asset-light operations and collaboration with central enterprise resources", with a view to fully realizing the benefits of technological iteration and the commercial value of new business models. Following the completion of the omni-channel AI platform upgrade, the maturation of the AIGC content production system, the implementation of the iterative overseas traffic model, and the refined layout of the culture business segment, each business segment will fully transition from the preliminary stages of early cultivation, model refinement, and technological investment into a critical cycle of scaled operations, revenue recovery, and the realization of incremental growth. The Group will continue to focus on five core areas, namely the recovery in the scale of AI marketing, breakthroughs in AIGC short drama distribution, the transformation of overseas business towards profitability, the realization of value in the culture business segment and the upgrading of the omni-channel AI agent system, in order to drive high-quality growth of its overall business.

(I) AI Marketing Segment Completes Its Technological Upgrade and Achieves the Recovery of Its Existing Business and the Scalable Implementation of Incremental Business

Following the completion of the comprehensive AI-driven upgrade and transformation of the Group's proprietary marketing platform, the Group's traditional marketing agency and advertising top-up agency businesses will fully resume the customer service capabilities, consolidate its existing customer groups and restore the revenue scale of its traditional businesses. Meanwhile, the Group will continue to leverage the growth potential of two emerging sectors, namely short drama distribution and trendy toy precision marketing, focusing deeply on its penetration of two vertical customer groups, namely short drama content production institutions, and trendy toy and digital collectible platforms. Leveraging its marketing middle-platform system, which has been connected with core cooperative entities including Head Collect Digital, Poly Digi-Entertainment and Huayue Wenyu, the Group will continue to expand its coverage of emerging customers and the scale of scenario implementation, thereby facilitating the steady recovery of the overall revenue of its AI marketing business segment, bringing it back to a stable growth range and establishing it as a core revenue growth driver of the Group.

(II) Deepen Our Presence in the AIGC Short Drama Segment and Drive Scalable Breakthroughs in Intelligent Content Distribution

In the future, the Group will continue to focus on the emerging AIGC-driven film and television content segment and, leveraging the AI full-process content production workflow jointly built with Huayue Wenyu, continuously enhance the omni-channel intelligent capabilities across scriptwriting, video generation and post-production special effects. Leveraging top short drama distribution platforms such as Douyin and Hongguo, the Group has launched multiple original AIGC short drama productions, including Mommy, I Am a Fortune-Bringing Fish (《媽咪, 我是一條招財魚》), Treasure Appraisal Divine Eyes: The Down-and-Out Father-in-Law's Rise to a Tycoon (《鑑寶神瞳: 落魄公公逆襲大亨》), You Cannot Take Away My Pre-Marital Home (《我的婚前房你搶不走》) and The Wife in the Mirror (《鏡中嬌妻》), thereby validating the commercialization of its technological capabilities. In the second half of 2026, the Group will continue to expand the production capacity and distribution scale of AIGC short dramas, diversify its content portfolio, enhance the closed-loop business model of "AI production + platform distribution + real-time traffic acquisition", and continue to increase incremental revenue from the content business segment.

(III) Accelerate Transformation of AI Overseas Marketing and Achieve Dual-engine Growth Driven by the Overseas Expansion of Short Dramas and High-Margin Categories

The overseas business segment will fully realize profitability under its asset-light technical services model. Relying on the MARTOP platform and the global mainstream traffic ecosystems such as TikTok, YouTube, Meta, X, and Amazon, the Group will continue to unlock its AI-driven precise traffic matching capabilities. Building on the foundation of its existing overseas marketing business, the Group will focus on promoting the overseas expansion of mature domestic short drama content and AIGC production capabilities, and explore incremental market opportunities in digital content distribution and localized marketing in Southeast Asia. At the same time, the Group will continue to identify and implement overseas promotion businesses for high-margin non-3C online product categories, optimize the overall structure of its overseas business, facilitate the complete transformation and transition of its overseas business segment, and achieve a shift from business model refinement to stable and profit growth.

(IV) Continue Incubation and Implementation of the Culture Business Segment and Deepen Collaboration with Central Enterprises to Realize Diversified Value Creation

In terms of culture business segment, leveraging Poly Digi-Entertainment's extensive resources across the entire film and television industry chain and its industry platform advantages as a central enterprise, the Group will apply AIGC technology throughout the entire production chain across early planning, content filming and post-production special effects, which enables the reduction in production costs while simultaneously enhancing the efficiency and quality of finalized videos, thereby facilitating the transformation of traditional film and television businesses towards emerging content formats, including short and medium dramas and interactive film-game content. At the same time, the Group will continue to deepen its presence in digitalization service businesses for government and enterprise customers, develop quality customer resources among central and state-owned enterprises, and explore new profit growth drivers in digital culture, technology-enabled culture and tourism and other areas, thereby realizing the transition of the culture business segment from early-stage investment and incubation to multi-dimensional value realization.

(V) Commence an Omni-channel Upgrade of AI Agent Capabilities and Establish a New-generation of Digital and Intelligent Operation and Management System

In response to the long-term development trend of digitalization and intelligence, the Group will fully benchmark against top-tier intelligent operation systems in the industry. With the AI agent as its core technological and digital foundation, it will implement a systematic upgrade covering the full business chain, all operational scenarios and all management dimensions. By establishing an integrated intelligent operations system featuring autonomous collaboration, intelligent allocation and refined management and control, the Group will further enhance the efficiency of technological iteration, the responsiveness of its business operations, the precision of resource allocation and its risk management and control capabilities. This will provide robust digital and intelligent management support for the long-term rapid development of the Group's AI marketing, content production, overseas expansion and digital assets segments, and will continuously reinforce its industry-leading competitive edge in technologies and operations.

Overall, the second half of 2026 represents a critical phase for the Group in terms of "technology implementation, business realization and accelerated incremental growth". Leveraging its comprehensive AI technology system, high-quality asset-light business model, resources advantages of collaboration with central enterprises and strategic positioning in high-growth segments, the Group is expected to achieve steady recovery and continued growth across its business segments, thereby unlocking long-term sustainable development opportunities.

- **Financial Review**

Revenue

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

	For the six months ended June 30,			
	2026	**Percentage**	2025	Percentage
	(Unaudited)		(Unaudited)	
	(HK$ million, except for percentages)			
Revenue from marketing agency and advertising top-up agency	**46.52**	**95.92%**	1.87	21.03%
Revenue from AI overseas marketing	**–**	**–**	3.38	38.02%
Revenue from culture business	**0.31**	**0.64%**	3.40	38.25%
Revenue from other businesses	**1.67**	**3.44%**	0.24	2.70%
Total revenue	**48.50**	**100.00%**	8.89	100.00%

The revenue of the Group increased by 445.56% from approximately HK$8.89 million for the six months ended June 30, 2025 to approximately HK$48.50 million for the six months ended June 30, 2026. This increase was primarily attributable to the gradual realisation of the Group's prior strategic layout in AI technology optimization, as well as the continued deepening of its business structure optimization. Leveraging its long-term and stable cooperation qualifications and channel resources with mainstream traffic platforms such as Douyin and Tencent, the Group has increased its investment in independent R&D to develop an AIGC intelligent creation engine compatible with various mainstream traffic platforms. Benefiting from AIGC technology empowerment, the operational efficiency and service added value of the Group's targeted marketing services continued to improve: on one hand, the intelligent material generation capabilities substantially reduced the content production costs for customers, effectively strengthening the cooperation stickiness and business scale of existing customers; on the other hand, the improved placement conversion performance has attracted more new customers to onboard our service system, driving steady growth in overall business revenue.

Cost of Revenue

The cost of revenue of the Group mainly comprises platform traffic procurement costs and cultural business operating costs.The cost of revenue increased by approximately 864.44% from approximately HK$4.05 million for the six months ended June 30, 2025 to approximately HK$39.06 million for the six months ended June 30, 2026. Costs increased substantially in the current period, primarily attributable to the increased scale of the Group's marketing business, which significantly increased platform traffic procurement costs.

Gross Profit and Gross Profit Margin

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

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	(HK$ million)	
Gross profit from marketing agency and advertising top-up agency	**8.71**	1.87
Gross profit from AI overseas marketing	**–**	3.38
Gross profit from culture business	**0.10**	(0.64)
Gross profit from other businesses	**0.63**	0.24
Total gross profit	**9.44**	4.85

For the six months ended June 30, 2026, the gross profit of the Group amounted to approximately HK$9.44 million, representing an increase of approximately 94.64% as compared with approximately HK$4.85 million for the six months ended June 30, 2025; The gross profit margin for the current period stood at approximately 19.46%. The notable surge in the gross profit of the Group mainly benefited from AIGC technology empowerment, and the operational efficiency and service added value of the Group's targeted marketing services continued to improve: on one hand, the intelligent material generation capabilities substantially reduced the content production costs for customers, effectively strengthening the cooperation stickiness and business scale of existing customers; on the other hand, the improved placement conversion performance has attracted more new customers to onboard our service system, driving a notable improvement in the overall scale of gross profit.

Other Gains and Losses

The other gains and losses of the Group changed from losses of HK$12.57 million for the six months ended June 30, 2025, to losses of HK$10.03 million for the six months ended June 30, 2026. The overall fluctuation was mainly composed of two factors: one was a net exchange loss of HK$21.51 million in the current period; the other was a gain of HK$12.78 million resulting from the disposal of property, plant and equipment.

Distribution and Selling Expenses

The distribution and selling expenses of the Group decreased from approximately HK$82.91 million for the six months ended June 30, 2025, to approximately HK$1.45 million for the six months ended June 30, 2026, representing a reduction of approximately 98.25%. The main reasons were the contraction of the AI overseas marketing business in the first half of 2026, together with the concurrent reduction in traffic promotion subsidy expenses granted to distributors.

Administrative Expenses

The administrative expenses of the Group decreased from approximately HK$33.35 million for the six months ended June 30, 2025, to approximately HK$18.79 million for the six months ended June 30, 2026, a reduction of approximately 43.66%. The decline in administrative expenses this period was mainly due to the Group's continuous efforts in implementing refined cost control, optimizing the personnel structure and labor costs, while strictly controlling various operational expenses such as professional service fees, office rent, travel expenses, and business entertainment, resulting in a continuous improvement in the overall management efficiency.

Research and Development Expenses

The research and development expenses of the Group are mainly attributable to data analysis, algorithm modelling, iterative optimization of AI technology models, computing resource investment, as well as remuneration and benefits for the R&D team engaged in the development of technology platforms.

The research and development expenses of the Group increased by approximately 542.98% from approximately HK$1.21 million for the six months ended June 30, 2025, to approximately HK$7.78 million for the six months ended June 30, 2026. The increase in research and development expenses for the period was primarily due to the Group's increased investment in in-house research and development to develop an AIGC intelligent creation engine compatible with various mainstream traffic platforms.

Finance Costs

During the Reporting Period, the finance costs of the Group were interest expenses of lease liabilities arising from leasing properties during the Reporting Period. The Group had no bank loans during the Reporting Period.

Trade and Other Receivables

The Group had trade and other receivables of approximately HK$24.73 million and approximately HK$66.20 million as at December 31, 2025 and June 30, 2026, respectively.

As at June 30, 2026, the balance of trade receivables of the Group amounted to approximately HK$36.69 million, representing a increase of approximately 1,403.69% as compared with HK$2.44 million as at December 31, 2025. The increase in trade receivables was mainly attributable to the expansion of marketing business scale, which led to higher revenue.

Other receivables mainly comprise receivable revenue shares from film and television projects, staff impresses as well as rental deposits. As at June 30, 2026, the balance of other receivables of the Group amounted to approximately HK$29.51 million, representing a increase of approximately 32.39% as compared with HK$22.29 million as at December 31, 2025. The increase in the current period was mainly attributable to operating expenditures.

Prepayments

Prepayments of the Group mainly consist of prepayments for platform traffic procurement, prepayments for consulting services and various operating prepayments.

As at June 30, 2026, prepayments of the Group amounted to approximately HK$56.39 million, representing a increase of approximately 4.35% as compared with HK$54.04 million as at December 31, 2025. The balance changed slightly and remained relatively stable overall, all constituting routine operating prepayments.

Bank Balances and Cash/Restricted Bank Balances

The Group had bank balances and cash/restricted bank balances of approximately HK$188.29 million and approximately HK$178.41 million as at December 31, 2025 and June 30, 2026, respectively. The decrease in balances was mainly due to the Group's platform traffic purchases and daily operating expenses.

Trade and Other Payables

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

The trade payables of the Group increased by approximately 2,075.33% from approximately HK$1.50 million as at December 31, 2025 to approximately HK$32.63 million as at June 30, 2026, which was mainly due to the expansion of the Group's marketing business scale in 2026, resulting in payables for traffic procurement to suppliers.

The other payables of the Group increased by approximately 9.45% from approximately HK$24.03 million as at December 31, 2025 to approximately HK$26.30 million as at June 30, 2026.

Lease Liabilities

Lease liabilities of the Group decreased by approximately 37.52% from HK$7.65 million as at December 31, 2025 to approximately HK$4.78 million as at June 30, 2026, which was attributable to the property lease payments for the period.

Liquidity and Capital Resources

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

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	(HK$ million)	
Net cash used in operating activities	**(1.25)**	(7.56)
Net cash from investing activities	**1.87**	6.31
Net cash used in financing activities	**(3.31)**	(14.01)
Net decrease in cash and cash equivalents	**(2.69)**	(15.26)
Cash and cash equivalents at beginning of the period	**188.29**	212.88
Effect of foreign exchange rate changes	**(8.10)**	12.68
Cash and cash equivalents at end of the period, represented by bank balances and cash	**177.50**	210.30

As at June 30, 2026, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Cash Flow from Operating Activities

Cash inflows from operating activities of the Group are mainly derived from collection of proceeds from performance-based mobile new media marketing services and sales to customers under cultural business projects. Cash outflows from operating activities primarily cover business procurement expenditures, distribution and selling expenses, research and development investments, as well as administrative expenses.

For the six months ended 30 June 2026, net cash used in operating activities of the Group amounted to approximately HK$1.25 million (for the six months ended 30 June 2025: approximately HK$7.56 million). The change in cash flows was mainly attributable to the Group's adjustment of its business structure. Amid growth in business scale, the Group exercised disciplined control over daily operating cash flows, resulting in a reduction in operating cash outflows.

Cash Flow from Investing Activities

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

For the six months ended June 30, 2026, our net cash from investing activities was approximately HK$1.87 million (for the six months ended June 30, 2025: approximately HK$6.31 million), primarily attributable to disposal of property, plant and equipment.

Cash Flow from Financing Activities

For the six months ended June 30, 2026, our net cash used in financing activities was approximately HK$3.31 million (for the six months ended June 30, 2025: approximately HK$14.01 million), primarily attributable to the repayment of lease liabilities.

Capital Expenditures

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

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
	(HK$ million)	
Fixed assets	**0.05**	12.16

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

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

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus and the section headed "Use of Proceeds from Listing" in this announcement, as at the end of the Reporting Period, the Group did not hold any significant investments. At the end of the Reporting Period, the Group does not have any other plans for material investments or capital assets.

Indebtedness

Bank Borrowings

As at June 30, 2026, the Group did not have any bank borrowings.

Contingent Liabilities

As at June 30, 2026, the Group was not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, and did not have any contingent liabilities, that, we expected would materially adversely affect our business, financial position or results of operations.

Charge of Assets and Guarantees

As at June 30, 2026, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities.

Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at June 30, 2026, the gearing ratio of the Group was approximately 31.80% (as at December 31, 2025: approximately 25.00%).

Current Ratio

Current ratio represents current assets divided by current liabilities. The current ratio of the Group decreased from 3.13 times as of December 31, 2025 to 2.52 times as of June 30,2026.

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, 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 30 June 2026, the Group had a total of 37 full-time employees, the majority of whom were based in China. Over 43% of the workforce were engaged in R&D, technical and operational roles, with the technical team providing core support for the intelligent transformation of the Group's businesses.

In respect of employee rights, benefits and welfare protection, the Group strictly complies with labour laws and regulations in all jurisdictions where it operates, adheres to statutory minimum working age and minimum wage requirements, and contributes five types of statutory social insurance for employees in accordance with applicable laws. All employees are entitled to various statutory leave benefits including public holidays, paid annual leave, sick leave, marriage leave, maternity leave and other statutory holidays as prescribed by law. In addition, the Group offers supplementary benefits such as group personal accident insurance and overtime transportation expense reimbursements. Team-building activities are organised on a quarterly basis and physical check-ups are arranged for all employees annually to continuously refine the employee care system.

In terms of recruitment, the Group sources talents via professional headhunting firms and mainstream recruitment platforms. Internally, the Group has established a performance-driven incentive mechanism under which employee remuneration is directly linked to their overall performance, alongside a formal performance-based compensation and reward system. Promotions are no longer determined purely by job rank and seniority. On 21 June 2021, the Group adopted the Share Award Scheme to recognise the contributions made by certain directors, key employees, business consultants and advisers. The Scheme serves to retain core talent and motivate the team to actively drive the long-term development and expansion of the Group.

With regard to training systems, standardised induction training programmes are provided for newly recruited employees. Meanwhile, tailored online and offline professional courses are developed to cater to the varied job requirements across different departments, enabling continuous upgrading and enhancement of employees' professional capabilities.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	**Six months ended 30 June**	
		2026	2025
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**48,502**	8,894
Cost of revenue		**(39,059)**	(4,047)
Gross profit		**9,443**	4,847
Other income	*6*	**1,853**	1,254
Other gains and losses	*7*	**(10,030)**	(12,573)
Impairment losses under expected credit loss model, net of reversal		**(1,891)**	34,482
Distribution and selling expenses		**(1,448)**	(82,909)
Administrative expenses		**(18,786)**	(33,351)
Research and development expenses		**(7,776)**	(1,211)
Share of results of associates		**222**	558
Finance costs		**(177)**	(380)
Loss before tax	*8*	**(28,590)**	(89,283)
Income tax expense	*9*	**–**	(1)
Loss for the period		**(28,590)**	(89,284)
Loss for the period attributable to:			
Owners of the Company		**(26,760)**	(85,561)
Non-controlling interests		**(1,830)**	(3,723)
		(28,590)	(89,284)

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

For the six months ended 30 June 2026

	Notes	**Six months ended 30 June** **2026** ***HK$'000*** **(Unaudited)**	2025 *HK$'000* (Unaudited)
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**18,752**	4,326
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**7,573**	9,926
Other comprehensive income for the period, net of income tax		**26,325**	14,252
Total comprehensive expense for the period		**(2,265)**	(75,032)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**2,435**	(69,875)
Non-controlling interests		**(4,700)**	(5,157)
		(2,265)	(75,032)
Basic loss per share (HK cents)		**(1.13)**	(3.61)
Diluted loss per share (HK cents)		**(1.13)**	(3.61)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	**As at 30 June 2026** ***HK$'000*** **(Unaudited)**	As at 31 December 2025 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**20,695**	25,821
Right-of-use assets		**3,420**	5,262
Intangible assets		**207**	399
Interests in associates		**40,970**	39,181
Rental deposits	*12*	**1,740**	1,674
Financial assets at fair value through profit or loss		**9,107**	8,865
		76,139	81,202
CURRENT ASSETS			
Trade and other receivables	*12*	**64,456**	23,052
Loan receivables		**7,582**	6,627
Prepayments	*13*	**56,392**	54,038
Financial assets at fair value through profit or loss		**3,390**	1,147
Restricted bank balances		**915**	–
Cash and cash equivalents		**177,497**	188,287
		310,232	273,151
CURRENT LIABILITIES			
Trade and other payables	*14*	**58,933**	25,528
Lease liabilities		**4,776**	6,265
Financial liabilities at fair value through profit or loss		**57,709**	54,012
Income tax payable		**1,454**	1,398
		122,872	87,203
NET CURRENT ASSETS		**187,360**	185,948
TOTAL ASSETS LESS CURRENT LIABILITIES		**263,499**	267,150

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2026

	Notes	**As at 30 June 2026** ***HK$'000*** **(Unaudited)**	As at 31 December 2025 *HK$'000* (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		**–**	1,386
NET ASSETS		**263,499**	265,764
CAPITAL AND RESERVES			
Share capital	*15*	**24**	24
Reserves		**478,221**	475,786
Equity attributable to owners of the Company		**478,245**	475,810
Non-controlling interests		**(214,746)**	(210,046)
TOTAL EQUITY		**263,499**	265,764

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company											
	Share capital *HK$'000*	Treasury stocks *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000*	Share-based payments reserve *HK$'000*	Fair value through other comprehensive income reserve *HK$'000*	Statutory reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Subtotal *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2026 (Audited)	24	–	2,267,925	162,171	–	(14,455)	183,106	(145,101)	(1,977,860)	475,810	(210,046)	265,764
Loss for the period	–	–	–	–	–	–	–	–	(26,760)	(26,760)	(1,830)	(28,590)
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	18,752	–	18,752	–	18,752
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	10,443	–	10,443	(2,870)	7,573
Other comprehensive income (expense) for the period	–	–	–	–	–	–	–	29,195	–	29,195	(2,870)	26,325
Loss and total comprehensive income (expense) for the period	–	–	–	–	–	–	–	29,195	(26,760)	2,435	(4,700)	(2,265)
Vesting of shares of a subsidiary *(note 16(b))*	–	–	–	–	–	–	–	–	–	–	–	–
At 30 June 2026 (Unaudited)	24	–	2,267,925	162,171	–	(14,455)	183,106	(115,906)	(2,004,620)	478,245	(214,746)	263,499

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the six months ended 30 June 2026

	Attributable to owners of the Company											
	Share capital *HK$'000*	Treasury stocks *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000*	Share-based payments reserve *HK$'000*	Fair value through other comprehensive income reserve *HK$'000*	Statutory reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Subtotal *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2025 (Audited)	24	–	2,267,925	37,325	–	(12,166)	183,106	(157,626)	(1,815,943)	502,645	(83,485)	419,160
Loss for the period	–	–	–	–	–	–	–	–	(85,561)	(85,561)	(3,723)	(89,284)
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	4,326	–	4,326	–	4,326
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	11,360	–	11,360	(1,434)	9,926
Other comprehensive income (expense) for the period	–	–	–	–	–	–	–	15,686	–	15,686	(1,434)	14,252
Loss and total comprehensive income (expense) for the period	–	–	–	–	–	–	–	15,686	(85,561)	(69,875)	(5,157)	(75,032)
Vesting of shares of a subsidiary *(note 16(b))*	–	–	–	197	–	–	–	–	–	197	(197)	–
At 30 June 2025 (Unaudited)	24	–	2,267,925	37,522	–	(12,166)	183,106	(141,940)	(1,901,504)	432,967	(88,839)	344,128

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Cash used in operations	**(1,245)**	(7,561)
Income tax paid	**–**	(2)
Net cash used in operating activities	**(1,245)**	(7,563)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(51)**	(12,162)
Interest received	**1,265**	678
Proceeds from disposal of property, plant and equipment	**1,659**	284
Purchase of financial assets at fair value through profit or loss	**(15,941)**	–
Disposal/redemption of financial assets at fair value through profit or loss	**15,853**	–
Net cash outflow on disposal of subsidiaries	**–**	(95)
Withdrawal of bank deposits with original maturity of more than three months	**–**	17,604
Placement of bank deposits with original maturity of more than three months	**(915)**	–
Net cash from investing activities	**1,870**	6,309
FINANCING ACTIVITIES		
Redemption of financial liabilities at FVTPL	**–**	(10,847)
Repayment of lease liabilities	**(3,134)**	(2,786)
Interests paid	**(177)**	(380)
Net cash used in financing activities	**(3,311)**	(14,013)
Net decrease in cash and cash equivalents	**(2,686)**	(15,267)
Cash and cash equivalents at beginning of the period	**188,287**	212,876
Effect of foreign exchange rate changes	**(8,104)**	12,692
Cash and cash equivalents at end of the period, represented by bank balances and cash	**177,497**	210,301

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL INFORMATION

Joy Spreader Group Inc. (the "**Company**") was incorporated and registered in the Cayman Islands on 19 February 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 23 September 2020. The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are provision of marketing agency and advertising top-up agency.

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

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

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES

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

Other than additional/change in accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a IFRS Accounting Standard issued by the IASB, for the first time, which are mandatory effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

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

4. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Marketing agency and advertising top-up agency	**46,523**	1,870
AI overseas marketing *(note a)*	**–**	3,378
Provision of culture business *(note b)*	**314**	3,408
Others	**1,665**	238
	48,502	8,894
Timing of revenue recognition		
A point in time	**48,502**	8,894

Notes:

a. 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. During the six months ended 30 June 2026, the Group earned commissions or service fees from suppliers under the new business model: nil. (Six months ended 30 June 2025: HK$3,378,000).

b. 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.

5. SEGMENT INFORMATION

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

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

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

- "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.

Segment revenue and results

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

5. **SEGMENT INFORMATION (CONTINUED)**

Segment revenue and results (Continued)

For the six months ended 30 June 2026

	Provision of performance-based we-media marketing services *HK$'000* (Unaudited)	**AI overseas marketing** *HK$'000* (Unaudited)	**Provision of culture business** *HK$'000* (Unaudited)	**Others** *HK$'000* (Unaudited)	**Consolidated** *HK$'000* (Unaudited)
Segment revenue from external customers	**46,523**	**–**	**314**	**1,665**	**48,502**
Segment profit (loss)	**1,130**	**(19,641)**	**(4,423)**	**1,313**	**(21,621)**
Share of results of associates					**222**
Unallocated corporate expenses and other gains and losses					**(7,191)**
Loss for the period					**(28,590)**

For the six months ended 30 June 2025

	Provision of performance-based we-media marketing services *HK$'000* (Unaudited)	AI overseas marketing *HK$'000* (Unaudited)	Provision of culture business *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue from external customers	1,870	3,378	3,408	238	8,894
Segment (loss) profit	(22,936)	(47,947)	293	20	(70,570)
Share of results of associates					558
Unallocated corporate expenses and other gains and losses					(19,272)
Loss for the period					(89,284)

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

During the period, the "Provision of culture business" segment meets the quantitative thresholds for the reportable segment. Prior period segment disclosures have been re-presented to conform with the current period'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.

6. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income on bank deposits	**1,265**	678
Interest income on loan receivables	**43**	–
Government grants	**–**	65
Rental income	**545**	511
	1,853	1,254

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment, net	**12,783**	142
Gain on early termination of right-of-use assets	**87**	748
Loss on disposal of investments in subsidiaries	**–**	(74)
Foreign exchange losses, net	**(21,512)**	(11,691)
Loss on fair value changes of financial assets at FVTPL	**(110)**	(165)
Loss on fair value changes of obligations arising from a forward contract with non-controlling interests	**(1,519)**	(1,452)
Others	**241**	(81)
	(10,030)	(12,573)

8. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**4,461**	6,054
Depreciation of right-of-use assets	**2,022**	2,930
Amortisation of intangible assets (included in administrative expenses)	**204**	202
Total depreciation and amortisation	**6,687**	9,186

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax	**–**	1

10. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2026 (six months ended 30 June 2025: nil). The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

11. LOSS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(26,760)**	(85,561)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share ('000)	**2,371,927**	2,371,927

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.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2026	As at 31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**142,759**	102,633
Less: Allowance for credit losses	**(106,069)**	(100,197)
	36,690	2,436
Receivables on behalf of third parties as an agent	**19,146**	18,411
Receivables of income from investments in films and television dramas	**10,858**	10,442
Deposits paid to suppliers	**2,441**	2,347
Rental and other deposits	**7,694**	8,805
Other receivables	**32,930**	26,119
Less: Allowance for credit losses	**(43,563)**	(43,834)
	29,506	22,290
Total trade and other receivables	**66,196**	24,726
Analysis as		
Non-current	**1,740**	1,674
Current	**64,456**	23,052
	66,196	24,726

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	As at 30 June 2026	As at 31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**36,656**	522
3-6 months	**–**	–
7-12 months	**34**	1,914
Over 1 year	**–**	–
	36,690	2,436

As at 30 June 2026, included in the Group's trade receivables balance are debtors with aggregate carrying amounts of HK$34,000 (2025: HK$1,914,000) which are past due as at that date. As at 30 June 2026, out of the past due balance, HK$34,000 (2025: HK$1,914,000) 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.

13. PREPAYMENTS

	As at 30 June 2026	As at 31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Prepayments for purchases of traffic *(note a)*	**53,014**	51,658
Prepayments for consulting services	**1,204**	1,158
Other prepayments	**2,174**	1,222
	56,392	54,038

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

	Six months ended 30 June 2026	Year ended 31 December 2025
	HK$'000	*HK$'000*
At 1 January (Audited)	**51,658**	104,118
Newly prepaid	**–**	60,017
Utilised	**695**	(9,103)
Settlement *(note b)*	**–**	(105,213)
Exchange realignment	**661**	1,839
At 30 June (Unaudited)	**53,014**	51,658

13. PREPAYMENTS (CONTINUED)

Notes:

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

The Group's total advance payments to its largest traffic supplier represents prepayments for purchases of traffic. As at 30 June 2026, the Group's total advance payments to its largest supplier as a percentage of total assets was 14% (2025: 15%). Details of the percentage for the year are as follows:

	As at 30 June 2026 *HK$'000* **(Unaudited)**	As at 31 December 2025 *HK$'000* (Audited)
Advance to the largest supplier:		
– Prepayments for purchases of traffic	**53,014**	51,658
Total assets	**386,370**	354,353
Advance to the largest supplier as a percentage of total assets	**14%**	15%

b. During the six months ended 30 June 2026, 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 nil (2025: HK$105,213,000) 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.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2026	As at 31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**32,632**	1,500
Employee compensation payable	**12,599**	11,142
Other tax payable	**843**	932
Accrued listing expense/shares issue costs	**4,605**	4,429
Payables for intangible assets	**2,072**	1,993
Other payables and accruals	**6,182**	5,532
	58,933	25,528

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

	As at 30 June 2026	As at 31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**31,323**	1,406
4-6 months	**–**	–
7-12 months	**1,211**	50
Over 1 year	**98**	44
	32,632	1,500

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

15. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$
Ordinary shares of HK$0.00001 each		
Authorised		
At 1 January 2025, 30 June 2025, 1 January 2026 and 30 June 2026	**5,000,000,000**	**50,000**
Issued and fully paid		
At 1 January 2025, 30 June 2025, 1 January 2026 and 30 June 2026	**2,371,927,200**	**23,720**

	As at 30 June 2026	As at 31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Presented as	**24**	24

16. SHARE BASED PAYMENT TRANSACTIONS

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

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

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

During the six months ended 30 June 2026, the Trustee did not purchase any shares and no share was granted (2025: nil). During the six months ended 30 June 2026, no share was vested (2025: nil).

During the six months ended 30 June 2026 and the year ended 31 December 2025, no share-based payment expenses were 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.

16. SHARE BASED PAYMENT TRANSACTIONS (CONTINUED)

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

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

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 were 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 2026	**Granted during the period**	**Vested during the period**	**Forfeited during the period**	**Outstanding at 30 June 2026**
Shares granted to:					
Mr. Zhu Zinan	–	–	–	–	–

	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)	–	–

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

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

During the six months ended 30 June 2026, the Group did not recognise any share-based payment expenses in respect of these award shares as the shares under the Share Award Scheme have fully vested. (Share-based payment expenses of HK$197,000 were recognised for the year ended 31 December 2025.)

CORPORATE GOVERNANCE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company (the "**Shareholders**"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code for the six months ended June 30, 2026, except for a deviation from the code provision C.2.1 of the CG Code. The roles of chairman of the Board and chief executive officer of the Company are not separate and are both performed by Mr. Zhu Zinan ("**Mr. Zhu**"). In view of Mr. Zhu's experience, personal profile and his roles in the Group and that Mr. Zhu has assumed the role of chief executive officer of our Group since its establishment, the Board considers it beneficial to the business prospect and operational efficiency of our Group for Mr. Zhu acting as the chairman of the Board and continuing to act as the chief executive officer of the Company. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors, and we believe that there is sufficient check and balance in the Board; (ii) Mr. Zhu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary. Directors strive to achieve a high standard of corporate governance (which is of critical importance to our development) to protect the interest of Shareholders.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiries of all Directors, all of them have confirmed that they have complied with the Model Code for the six months ended June 30, 2026. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

CHANGE IN THE USE OF PROCEEDS

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

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

On August 28, 2025, the Board resolved to further change the use of such unutilized proceeds (the "**Third Reallocation**"). Set out below is a summary of the proposed changes in the intended use and the use of unutilized proceeds under the Third Reallocation and the breakdown of the use of the net proceeds from Listing after the Third Reallocation as of June 30, 2026.

The intended use of the net proceeds as described in the Prospectus	Proceeds upon the Third Reallocation *(HK$ million)*	Approximate percentage of updated net proceeds upon the Third Reallocation *(%)*	Utilised proceeds from Listing upon Third Reallocation from August 29, 2025 to December 31, 2025 *(HK$ million)*	Unutilised proceeds from Listing upon Third Reallocation as of January 1, 2026 *(HK$ million)*	Utilised proceeds from Listing upon Third Reallocation from January 1, 2026 to June 30, 2026 *(HK$ million)*	Unutilised proceeds from Listing upon Third Reallocation as of June 30, 2026 *(HK$ million)*	Expected timetable for unutilized proceeds from Listing upon Third Reallocation
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	11.66	124.16	To be utilized within approximately three years from September 1, 2025
The net proceeds to develop our culture business	36.30	20.57	0.76	35.54	0.27	35.27	To be utilized within approximately three years from September 1, 2025
Total	**176.51**	**100.00**	**5.15**	**171.36**	**11.93**	**159.43**	

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

During the six months ended June 30, 2026, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined under the Listing Rules)). At the end of the Reporting Period, the Company did not hold any treasury shares.

NO MATERIAL CHANGE

Since the publication of the Group's annual report for the year ended December 31, 2025 on April 28, 2026 and up to the date of this announcement, there has been no material change to the Group's business.

EVENT AFTER THE REPORTING PERIOD

The Group did not have any significant events after the Reporting Period and up to the date of this announcement.

REVIEW OF INTERIM RESULTS

The Audit Committee currently comprises three members, namely Mr. Wang Hongpeng as non-executive Director, and Mr. Li Chenji and Mr. Huang Boyang as independent non-executive Directors. The chairman of the Audit Committee is Mr. Li Chenji The Audit Committee has jointly reviewed with the management of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2026 and the interim report) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2026 (for the six months ended June 30, 2025: Nil).

PUBLICATION OF CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT FOR 2026

The announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.joyspreader.com). The interim report for the six months ended June 30, 2026 containing all information required by the Listing Rules will be dispatched to Shareholders as required and published on the websites of the Stock Exchange and the Company in due course.

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

Beijing, the PRC
August 27, 2026

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