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**Joy Spreader Group Inc.**  
**樂享集團有限公司**

(Incorporated in the Cayman Islands with limited liability)  
 (Stock Code: 6988)

**ANNOUNCEMENT OF INTERIM RESULTS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2024  
 AND THE SUPPLEMENTAL  
 INFORMATION IN RELATION TO  
 THE 2023 ANNUAL REPORT**

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, 2024 (the “**Reporting Period**”), together with the comparative figures for the six months ended June 30, 2023 as follows:

**FINANCIAL RESULTS HIGHLIGHTS**

	For the six months ended June 30		Year-on-year changes Increase/ (decrease)
	2024 (Unaudited)	2023 (Unaudited)	
	<i>(HK\$ in millions, except for percentages)</i>		
<b>Revenue</b>	<b>111.23</b>	2,148.18	(94.82)%
<b>Gross profit</b>	<b>0.44</b>	211.79	(99.79)%
Loss for the period attributable to owners of the Company	<b>(355.20)</b>	(194.83)	82.31%
Net loss margin	<b>(319.34)%</b>	(9.07)%	(310.27) <sup>(1)</sup>
Loss per Share – Basic and diluted (HK cents)	<b>(14.98)</b>	(8.22)	82.24%

Note:

(1) Change in percentage points.

Highlights of the Group's operational results for the Reporting Period, together with comparative figures for the corresponding period in 2023, are as follows:

## OPERATIONAL RESULTS HIGHLIGHTS

	<b>As of June 30 or for the six months ended June 30</b>		Year-on-year changes
	<b>2024</b>	2023	Increase/ (decrease)
<b>Overseas sales of E-commerce goods business</b>			
Sales (HK\$ million)	<b>32.80</b>	1,944.14	(98.31)%
<b>Algorithm-based marketing business</b>			
GMV of domestic short video platform			
E-commerce marketing (HK\$ million)	<b>23.18</b>	255.01	(90.91)%
Number of paid actions of interactive entertainment products marketing <sup>(1)</sup> ('000)	<b>24,242</b>	23,883	1.50%
Average revenue per paid action (HK\$)	<b>2.47</b>	2.46	0.41%

*Note:*

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

## CORPORATE PROFILE

In the first half of 2024, the domestic economy showed a good recovery trend. Under the clear guidance of the national direction for the digital construction of cultural industry, the Group has completed its strategic transformation in 2023, realized the comprehensive business integration of its domestic business with a mixed-ownership reformed company established by a central state-owned culture enterprise, and successfully created a new culture and entertainment industry focusing on high-quality content, driven by technological innovation and combined with multiple scenarios in the first half of 2024. We will continue to develop new digital business combining film and television culture and entertainment with Internet technology, so as to achieve the deep integration of cultural value and technological innovation. For overseas E-commerce platform business, the Group decided in 2023 to curtail the original trade business model of purchasing goods for sale to give full play to the core competitive advantage of its algorithm-based technology, achieving initial results in the first half of 2024. The Group has focused on the interest-based algorithm to provide accurate performance-based marketing traffic promotion technology services for overseas short video E-commerce platforms, and further improved the operating cash flow performance of overseas E-commerce business. Relying on this decision, the Group has accumulated extensive industrial experience in overseas E-commerce business over the past two years and proactively adjusted its business model, so as to provide a long-term sustainable development approach for the Group in the future.

### I. Our Business

#### (I) Domestic culture and entertainment technology business

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

#### ***Technological Innovation AI Digital Business***

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

(1) *Co-Develop “Kong Jian (空兼)” blockchain with Poly and JDT*

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

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

(2) *Cultural Entertainment AI Verticle Model*

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

The Company and Poly Digi-Entertainment jointly developed holographic display system enables the integrated application of AIGC and holographic display, and, in combination with self-developed digital humans, realises the immediate interaction with users, thus having vast application and development potential in vertical fields such as digital window display, clothing industry, digitisation, performance live broadcasting, museum, and exhibition industry. From April 30 to May 14, 2024, Poly Digi-Entertainment’s holographic display system appeared in the postgraduate exhibition of the School of Art Management & Education, Central Academy of Fine Arts to provide whole-process digital human guide service for the exhibition.

(3) *Digital marketing business*

(a) Online marketing

Based on Poly Culture’s rich experience in government and state-owned and central enterprise relations and the Company’s leading new media digital marketing capabilities, our culture and entertainment technology business will leverage the strengths of both parties to provide online new media operation, E-commerce assistance, city image promotion and other marketing services for governments, state-owned and central enterprises and private enterprises, aiming to combine traditional publicity contents with digital marketing to improve publicity penetration and broaden social influence. Currently, we have expanded our customer portfolio to central enterprises such as China State Construction and Poly Group. For example, we undertook the planning and filming of the brand story of China Poly Group, interviewed and filmed the aiding-Ninglang project of Nokia Shanghai Bell of Poly Huaxin, and reached a long-term cooperation with South China Investment Company of China Construction Eighth Engineering Division for the planning of brand projects, shooting of brand films and introduction of cultural and artistic resources.

(2) Offline marketing

As an effort to fortify the connectivity and interactivity between culture and property and other inter-segment businesses of Poly Group, we hosted Poly Development’s “Jade Seeing the Gentleman – Qing Court Jade Exhibition” (玉見君子 – 清代宫廷玉器展) in Chengdu, Sichuan Province, which combined the exquisite courts jades from Poly Art Museum with the brand promotion of property projects to promote the integration of property business with culture and art.

***Cultural And Entertainment Content And Derivatives Business***

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

(1) *Short-drama business*

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

(2) *Film and television presentation*

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

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

In May 2024, Poly Culture was invited to participate in “Souffle D’orient” 2024 Exposition Thematique Sur La Culture Chinoise (“遇鑒中國”2024 中華文化主題展) at the Paris International Expo 2024 in France (2024 法國巴黎國際博覽會). The lion head, an intangible cultural heritage, and cultural and creative products of “Lion Dance Sisters” (《高樁獅妹》), a film first presented and mainly produced by Poly Digi-Entertainment, appeared on the exhibition site and was reported by CCTV’s “Xinwen Lianbo” (《新聞聯播》), “LIVE NEWS” (《新聞直播間》) and other programs.

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

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

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

We make full advantage of Poly Culture’s film and television strengths and film and tourism interconnections to develop film-empowered offline culture and tourism, which integrates high-quality IPs in films and television shows, and top-notch content productivity with the culture of cities all over China, and creates a variety of integrated businesses, such as film-themed interactive entertainment, culture and tourism performances and activities, theme restaurants, incubation of cultural IP derivatives, and celebrity inns, to support the publicity and development of the relevant cities. Meanwhile, the Company has reached preliminary cooperation with governments in many places in respect of scenic area upgrading and construction planning and consulting, including the entering into of a contract for the planning of Wuxi Yangxi Cultural City.



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

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

(6) *Artist agency*

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

The Company will select suitable contracted artists for our clients based on their market positioning, image, interests and past and current endorsements and arrange commercial activities and entertainment content activities for the contracted artists and artist groups through our commercial agents and executive agents. At the same time, the Company also arranges for our contracted artists to participate in various promotion activities of corporate clients, including social media promotions, live E-commerce and offline business promotions, including but not limited to offline commercial events such as Hermès Spring-Summer 2024 runway show and LIFEIDEA's 20th anniversary show, film and television projects such as "SHADOW" (《天馬流星》), "The Entrusted" (《臨危受命》), "Crime Crackdown" (《打黑》) and "The Flunky" (《鷹犬》), variety shows such as "CCTV Spring Festival Gala" and "Run for Time" (《全員加速中》), as well as online live events such as the "Asian Cup Trip to Qatar" (卡塔爾亞洲盃之行) and "Euro 2024 Commentary Line-up" (歐洲杯盃解說嘉賓).

## (II) Domestic interest-based algorithm marketing business

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

“Customized content and products” is a summary of the algorithm-based marketing business of the Company. In short, based on the new media platforms, we not only follow the principle of personalized content recommendation, but further deepen to the level of personalized product recommendation. By building our private data analysis system, the Company analyzes products, content and users and establishes modeling for them, forms data labels, and uses recommendation algorithms and middle platform technology to accurately recommend products to consumers on new media platforms and bills customers based on transformation effectiveness. In the first half of 2024, for the short video platform E-commerce marketing business, we helped customers sell goods in an aggregate amount of HK\$23.18 million on Douyin platform; and for the digital distribution of online products business, we helped customers achieve effective paid actions of 22.24 million in the first half of 2024, including top-up, download, installation, etc.

57% of our employees are technical, R&D and operation personnel. We have developed 192 sets of data models for different products and media, and 2,855 data labels were applied to the algorithm models. This reflects the technology gene of the Company, which are also our valuable assets.

Our revenue and cost model:

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

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



- Profit model:

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

- Main services:

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

- Main service area: Mainland China

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

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

After three years of development since Joy Spreader International (HK) Limited (the “**Joy Spreader International**”) commenced its international business overseas in 2021, Joy Spreader International has made remarkable achievements in the consumer electronic products field in Southeast Asia by successful deployment and establishment of overseas distribution network, covering more than 400 distributors and over 1,000 terminal sales channels. As of the end of 2023, the cumulative sales exceeded US\$1 billion, reflecting its strong competitiveness in the regional market.

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

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

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

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

## **II. The Industry Where We Operate**

### **1. Concept of AIGC**

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

### **2. Concept of Web3.0**

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

### **3. Film and television entertainment segment**

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

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

#### **4. Concept of short video**

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

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

#### **5. Short play concept segment**

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

#### **6. Internet marketing segment**

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

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

#### **7. Big data segment**

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

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

## **8. Overseas E-commerce of electronic products segment**

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

### **III. Our Strengths**

#### **(I) Clear industry prospects and vast market space**

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

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

##### ***(a) Artificial intelligence technology is experiencing rapid development***

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

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

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

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

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

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

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

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



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

**(II) Leveraging on the advantages of mixed ownership reform of a central enterprise to expand into business areas not readily accessible to private enterprises**

With the country's further regulation on macro economy, the tightened supervision over the culture and entertainment industry, and the acceleration of business digital upgrades by state-owned and central enterprises, private enterprises may not understand and implement national policies and regulations as effectively as state-owned and central enterprises, and they are also facing many restrictions to engage in some businesses that need to be carried out by central state-owned culture enterprises. The collaboration between the Company and mixed-ownership reformed central company enables the Company to enter the cutting-edge and high-potential business areas like Web3.0, blockchain, and culture and entertainment content production under the guidance and management of the central enterprise. This mode of collaboration not only greatly broadens the customer base and business scope of the Company, but also lays a solid foundation for the long-term development of the Company.

As a professional central state-owned enterprise engaged in the culture industry, our partner not only possesses professional PGC production capabilities, but also has unique advantages in terms of industrial resource integration, and risk control and compliance. In the future, we will leverage the PGC content and stars conform to domestic policies, as well as MCN network content and celebrities under the cooperation framework to cultivate our IP Traffic and fans and facilitate our new business expansion.

**(III) First-mover advantages of data and model algorithm to facilitate a heavy blow in overseas market**

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of Results

- ***Culture and Entertainment Technology Business***

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

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

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

In the first half of 2024, the Group recorded revenue of HK\$32.80 million from overseas sales of E-commerce goods business, representing a decrease of 98.31% as compared with HK\$1,944.14 million in the first half of 2023. The decrease in revenue from such business was mainly attributable to the strategy adjustment of the Group’s overseas E-commerce business at the end of 2023, which transformed the asset-heavy business model of purchasing inventory goods for overseas sales in the past to the asset-light business model of providing accurate marketing services on overseas short video platforms based on interest-based algorithm, and focused on MARTOP, a self-owned E-commerce platform, as the core transaction negotiation platform to accurately attract traffic by providing transaction lead and continuously utilizing overseas short video platforms. We are currently conducting continuous testing on our new matchmaking model and have not yet charged commissions and service fees to suppliers and distributors, resulting in a significant decrease in revenue during the period.

In the first half of 2024, the GMV (gross merchandise volume) of overseas E-commerce transactions completed under assistance of the Group on its own E-commerce platform, MARTOP, reached US\$455 million, representing a significant increase of 83% as compared to the GMV of overseas E-commerce transaction of US\$248 million realized in the same period last year. The Group will focus on asset-light business mode, provide customers with accurate traffic promotion through overseas short video platforms, and build a long-term and sustainable moat.

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

- *Interactive Entertainment and Digital Product Marketing*

In the first half of 2024, the Group recorded revenue of HK\$56.67 million from interactive entertainment and digital product performance-based marketing services, representing an increase of 2.33% as compared with HK\$55.38 million of the same period last year, which was due to the tightened regulatory approval of game licenses and paid literature in China and the effect that the domestic economy has not fully recovered, which led to restrictions on such business, therefore the Company adjusted its business layout in a timely manner, and the revenue from this business had no significant change as compared to the same period last year.

- *Short Video Platform E-Commerce Marketing*

In the first half of 2024, the Group achieved GMV of domestic short video platform E-commerce marketing of HK\$23.18 million, representing a decrease of 90.91% as compared with HK\$255.01 million in the first half of 2023; in particular, revenue from domestic E-commerce products marketing of HK\$20.88 million was recorded in the first half of 2024, representing a decrease of 85.95% as compared with HK\$148.59 million in the first half of 2023, which was mainly attributable to the continuous reduction in customer demand and budget due to current relatively sluggish marketing environment of the overall industry in China, resulting in a decrease in the revenue of the business as compared to the same period last year.

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

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

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

Depending on the common characteristics and differences of the target group, the Group identifies the core advantages and selling points of a product and analyses the matching degree between the product characteristics and the needs of the target group. A placement strategy will be generated according to the analysis results and further optimization will be conducted regarding the positioning of the target group and the timing of placement, along with the use of the hotspot tags, to improve the overall promotion effect in an effective manner.

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

- **Strategic Layout in the Second Half of 2024 and in the Future**

- a. Explore New Business Fields and Market Share with Deepening Cooperation with Central Enterprise in China*

As an important direction of the Group’s strategic development, we will keep the deep and comprehensive cooperation with strategic partners, Poly Culture Group and Poly Film which both are central state-owned culture enterprises. Under the guidance of national “14th Five-Year Plan” and “Digital Economy Development Strategy”, we jointly expand new business cooperation and empower industrial development.

- (1) Expand high-quality IP Traffic*

We will carry forward steadily the implementation of business with central enterprises as strategic partners, and committed to building high-quality self-owned content and traffic system through multiple channels to enhance the Group’s customer service capabilities and profitability. In addition to deepening cooperation with central enterprises in the new media field on film and television contents, we also cultivate new media accounts, IP content and traffic resources that have in-close cooperation with the Group by means of actively use strategic alliance, investment and incubation. By providing tailor-made new media content for customers, we will effectively improve consumption conversion and continue to reduce the costs of acquisition of traffic. At present, we have launched a number of cooperative projects in the incubation of film and television entertainment contents, online publicity, digital asset business, digitalization of E-commerce product of state-owned and central enterprise, clarified the investment and production of national key film and television projects, creating the first MCN of central enterprises and other cooperative direction.

- (2) Increase the investment in AIGC and Web3.0 application end research*

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

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

**b. Focus on interest-based algorithm technology services to optimize business model**

The E-commerce business based on the interest-attracted traffic of an overseas famous short video platform is one of the strategic priorities of the Group. In 2024 and beyond, we will continue to pay attention to the characteristics of overseas sales of E-commerce goods and the market environment, while taking our own E-commerce platform, MARTOP, as the core trading and consultation platform, so as to achieve optimization and improvement of our trading model by providing trade leads as well as constantly and accurately attracting traffic through overseas famous short video platform. The overseas sales of E-commerce goods business of the Group has been launched in many countries in Southeast Asia. We are now focusing on the vertical sectors of E-consumer, intensifying our development in Southeast Asia market and building a complete overseas supply chain and online and offline payment system, striving to proactively explore further source of suppliers, expand the SKU of the platform and help outstanding domestic products to be sold overseas. With constantly improved transaction process and higher accuracy of traffic acquisition, the suppliers show significantly boosted participation enthusiasm. Such positive feedback from the market amply demonstrates the effectiveness of our transformation strategy and the market potential. Through these efforts, we have not only stabilized the ever-changing market environment, but also exploited further growth potential in Southeast Asia and the broader international market for Joy Spreader International.

• **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,			
	2024	Percentage	2023	Percentage
	(Unaudited)		(Unaudited)	
	<i>(HK\$ million, except for percentages)</i>			
Marketing revenue from interactive entertainment and digital products	56.67	50.95%	55.38	2.58%
Marketing revenue from domestic E-commerce products	20.88	18.77%	148.59	6.92%
Sales revenue from overseas E-commerce goods	32.80	29.49%	1,944.14	90.50%
Revenue from other businesses	0.88	0.79%	0.07	0.00%
<b>Total revenue</b>	<b>111.23</b>	<b>100%</b>	<b>2,148.18</b>	<b>100%</b>

The revenue of the Group decreased by 94.82% from approximately HK\$2,148.18 million for the six months ended June 30, 2023 to approximately HK\$111.23 million for the six months ended June 30, 2024. The decrease in the revenue of the Group was mainly attributable to the strategy adjustment of the Group's overseas E-commerce business at the end of 2023, which transformed the asset-heavy business model of purchasing inventory goods for overseas sales in the past to the asset-light business model of providing accurate marketing services on overseas short video platforms based on interest-based algorithm, and focused on MARTOP, being its own E-commerce platform, as the core transaction negotiation platform to accurately attract traffic by providing transaction lead and continuously utilizing overseas short video platforms. We are currently conducting continuous testing on our new matchmaking model and have not yet charged commissions and service fees to suppliers and distributors, resulting in a significant decrease in revenue during the period.

### ***Cost of Revenue***

The cost of revenue of the Group was mainly comprised of purchase cost of traffic on project placement platform and purchase cost of goods. The cost of revenue decreased by 94.28% from approximately HK\$1,936.39 million for the six months ended June 30, 2023 to approximately HK\$110.79 million for the six months ended June 30, 2024, which was primarily attributable to the suspension of purchase of goods due to the strategy adjustment of the Group's overseas E-commerce business in the first half of 2024, resulting in a significant decrease in the cost of revenue.

### ***Gross Profit and Gross Profit Margin***

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

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>(HK\$ million)</i>	
<b>Marketing gross profit from interactive entertainment and digital products</b>	<b>12.65</b>	12.37
<b>Marketing gross profit from domestic E-commerce products</b>	<b>3.76</b>	64.42
<b>Gross profit from overseas sales of E-commerce goods</b>	<b>(16.66)</b>	134.93
<b>Gross profit from other businesses</b>	<b>0.69</b>	0.07
	<hr/>	<hr/>
<b>Total gross profit</b>	<b>0.44</b>	211.79
	<hr/> <hr/>	<hr/> <hr/>

For the six months ended June 30, 2024, the gross profit of the Group amounted to approximately HK\$0.44 million, representing a decrease of 99.79% as compared with approximately HK\$211.79 million for the six months ended June 30, 2023. For the six months ended June 30, 2024, the gross profit margin of the Group was 0.40%, representing a decrease of 9.46 percentage points as compared with 9.86% for the six months ended June 30, 2023. The significant decrease in the Group's gross profit and gross profit margin was mainly due to (i) the initial stage of transformation of the overseas E-commerce business when the new business model has not yet recorded revenue and gross profit; and (ii) loss on decline in value of inventories of the overseas E-commerce business being included in cost, which adversely affected the gross profit margin.

### ***Other Gains and Losses***

For the six months ended June 30, 2024, the other gains and losses of the Group were gains of approximately HK\$13.09 million (for the six months ended June 30, 2023: gains of HK\$42.64 million), which was mainly due to the exchange gains, net of HK\$10.28 million recorded in the first half of 2024.

### ***Distribution and Selling Expenses***

The distribution and selling expenses of the Group decreased by 11.77% from approximately HK\$318.91 million for the six months ended June 30, 2023 to approximately HK\$281.39 million for the six months ended June 30, 2024, the amount incurred in the current period mainly represents the continuous provision of subsidies for traffic promotion to distributors for the overseas sales of E-commerce goods business in the first half of 2024.

### ***Administrative Expenses***

The administrative expenses of the Group decreased by 32.90% from approximately HK\$63.14 million for the six months ended June 30, 2023 to approximately HK\$42.37 million for the six months ended June 30, 2024, primarily due to the Group's improved personnel costs and decreased professional service fees, office rental and other related expenses in the first half of 2024.

### ***Research and Development Expenses***

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

The research and development expenses of the Group decreased by 95.69% from approximately HK\$43.39 million for the six months ended June 30, 2023 to approximately HK\$1.87 million for the six months ended June 30, 2024, which was mainly due to the fact that the Group's own E-commerce platform have temporarily met the development needs of the overseas E-commerce business, and the research and development investment was reduced accordingly.



### ***Finance Costs***

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

### ***Inventories***

As at June 30, 2024, the Group had no inventories as compared with the balance of the inventories of the Group amounted to HK\$108.68 million as at December 31, 2023, the decrease was mainly due to the strategy adjustment of the overseas E-commerce business, which completed the disposal of existing inventory goods in the first half of 2024 and suspended the purchase of inventory goods.

### ***Trade and Other Receivables and Deposits***

The Group had trade and other receivables and deposits of HK\$729.02 million and HK\$443.73 million as at December 31, 2023 and June 30, 2024, respectively.

As at June 30, 2024, the balance of trade receivables of the Group amounted to HK\$156.42 million, representing a decrease of 29.85% as compared with HK\$222.99 million as at December 31, 2023, which was mainly attributable to the decrease in the corresponding trade receivables due to decreased revenue from performance-based marketing services in the first half of 2024.

Other receivables and deposits are deposits to suppliers for operating overseas sales of E-commerce goods business, employee petty cash expenses, rental deposits, etc. As at June 30, 2024, the balance of other receivables and deposits of the Group amounted to HK\$287.31 million, representing a decrease of 43.22% as compared with HK\$506.03 million as at December 31, 2023, which was mainly attributable to refunding partial deposits for the overseas sales of E-commerce goods business in the first half of 2024.

### ***Prepayments***

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

As at June 30, 2024, prepayments of the Group amounted to HK\$534.41 million, representing an increase of 7.03% as compared with HK\$499.32 million as at December 31, 2023, which was mainly attributable to the increase in prepayments for traffic purchase of the Group in the first half of 2024.

### ***Equity Instruments at Fair Value through Other Comprehensive Income***

The Group had equity instruments at fair value through other comprehensive income of HK\$12.99 million and HK\$12.90 million as at December 31, 2023 and June 30, 2024, respectively, which had no material change.

### ***Bank Balances and Cash/Restricted Bank Balances***

The Group had bank balances and cash/restricted bank balances of HK\$367.92 million and HK\$314.76 million as at December 31, 2023 and June 30, 2024, respectively. The decrease was primarily due to the Group's platform traffic purchase and daily operating expenses.

### ***Trade and Other Payables***

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

The trade payables of the Group decreased by 16.29% from HK\$173.03 million as at December 31, 2023 to HK\$144.85 million as at June 30, 2024, which was mainly attributable to the decrease in trade payables as a result of the shrinking scale of the Group's operations in the first half of 2024.

The other payables of the Group decreased by 36.59% from HK\$31.54 million as at December 31, 2023 to HK\$20.00 million as at June 30, 2024, which was mainly attributable to the decrease in amount due to third parties.

### ***Lease Liabilities***

The lease liabilities of the Group decreased by 34.14% from HK\$41.36 million as at December 31, 2023 to HK\$27.24 million as at June 30, 2024, which was primarily due to less property leases.

## ***Liquidity and Capital Resources***

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

	<b>For the six months ended</b>	
	<b>June 30</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>HK\$ million</i>	
Net cash used in operating activities	<b>(36.48)</b>	(131.39)
Net cash from investing activities	<b>1.24</b>	5.34
Net cash used in financing activities	<b>(5.79)</b>	(8.96)
Net decrease in cash and cash equivalents	<b>(41.03)</b>	(135.01)
Cash and cash equivalents at beginning of the period	<b>325.97</b>	533.95
Effect of foreign exchange rate changes	<b>(11.84)</b>	(20.02)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<b><u>273.10</u></b>	<b><u>378.92</u></b>

As at June 30, 2024, cash and cash equivalents were mainly denominated in RMB, United States dollars and HK\$.

### ***Cash Flow from Operating Activities***

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

For the six months ended June 30, 2024, our net cash used in operating activities was HK\$36.48 million (for the six months ended June 30, 2023: HK\$131.39 million), which is mainly due to the decrease in net operating cash outflow as a result of the shrinking scale of the Group's operations.

### ***Cash Flow from Investing Activities***

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

For the six months ended June 30, 2024, our net cash generated from investing activities was HK\$1.24 million (for the six months ended June 30, 2023: HK\$5.34 million), which was mainly due to interest income.

### ***Cash Flow from Financing Activities***

For the six months ended June 30, 2024, our net cash used in financing activities was HK\$5.79 million (for the six months ended June 30, 2023: HK\$8.96 million), mainly due to the lease payments for leased assets.

### ***Capital Expenditures***

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

	<b>For the six months ended</b>	
	<b>June 30</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>HK\$ million</i>	
Fixed assets	<b>0.73</b>	7.31
Right-of-use assets	<b>–</b>	11.53
Total	<b>0.73</b>	18.84

## ***Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associates***

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

## ***Future Plans for Material Investments or Capital Assets***

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated September 10, 2020 (the “**Prospectus**”) and in the part headed “Use of Proceeds from Listing” and “Use of Proceeds from the Placing” in this announcement, the Group does not have any other plans for material investments or capital assets.

## ***Segment Information***

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

## ***Indebtedness***

### ***Bank Borrowings***

As at June 30, 2024, the Group did not have any bank borrowings.

### ***Contingent Liabilities***

As at June 30, 2024, the Group was not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, and did not have any contingent liabilities, that, we expected would materially adversely affect our business, financial position or results of operations.

### ***Charges of Assets and Guarantees***

As at June 30, 2024, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities.

### ***Gearing Ratio***

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at June 30, 2024, the gearing ratio of the Group was 16.76% (as at December 31, 2023: 15.66%).

### ***Current Ratio***

Current ratio represents current assets divided by current liabilities. Current ratio decreased from 7.75 times as at December 31, 2023 to 5.82 times as at June 30, 2024.

### ***Foreign Exchange Risk and Hedging***

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

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

### ***Employees and Remuneration Policies***

As at June 30, 2024, the Group had about 72 employees in the PRC and overseas (as at December 31, 2023: 91 employees). The majority of the Group's employees were based in the PRC. As of June 30, 2024, over 57% of our employees were research and development, technical and operation personnel.

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

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

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



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Revenue	4	<b>111,226</b>	2,148,176
Cost of revenue		<b>(110,786)</b>	<u>(1,936,387)</u>
Gross profit		<b>440</b>	211,789
Other income		<b>1,460</b>	6,148
Other gains and losses	6	<b>13,085</b>	42,642
Impairment losses under expected credit loss model, net of reversal		<b>(55,576)</b>	(28,640)
Distribution and selling expenses		<b>(281,389)</b>	(318,908)
Administrative expenses		<b>(42,369)</b>	(63,136)
Research and development expenses		<b>(1,872)</b>	(43,392)
Share of results of associates		<b>36</b>	(128)
Finance costs		<b>(744)</b>	<u>(1,222)</u>
Loss before tax		<b>(366,929)</b>	(194,847)
Income tax expense	7	<b>(65)</b>	<u>(91)</u>
Loss for the period		<b>(366,994)</b>	<u>(194,938)</u>
Loss for the period attributable to:			
Owners of the Company		<b>(355,202)</b>	(194,833)
Non-controlling interests		<b>(11,792)</b>	<u>(105)</u>
		<b>(366,994)</b>	<u>(194,938)</u>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Other comprehensive expense:			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		(9,551)	(65,546)
Fair value loss on equity instruments at fair value through other comprehensive income		–	(2,267)
Income tax credit to item that will not be reclassified to profit or loss		–	340
		<b>(9,551)</b>	(67,473)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(7,476)	(22,536)
Other comprehensive expense for the period, net of income tax		(17,027)	(90,009)
Total comprehensive expense for the period		<b>(384,021)</b>	(284,947)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(372,229)	(284,842)
Non-controlling interests		(11,792)	(105)
		<b>(384,021)</b>	(284,947)
Basic loss per share (HK cents)	9	<b>(14.98)</b>	(8.22)
Diluted loss per share (HK cents)	9	<b>(14.98)</b>	(8.22)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>NOTES</i>	As at 30 June 2024 <b>HK\$'000</b> (Unaudited)	As at 31 December 2023 <b>HK\$'000</b> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>49,029</b>	58,226
Right-of-use assets		<b>25,569</b>	36,875
Intangible assets		<b>1,434</b>	2,222
Interests in associates		<b>36,316</b>	36,538
Rental deposits	<i>10</i>	<b>4,175</b>	5,192
Financial assets at fair value through profit or loss		<b>9,978</b>	7,414
Equity instruments at fair value through other comprehensive income		<b>12,900</b>	12,993
Finance lease receivables		–	1,396
		<b>139,401</b>	160,856
<b>CURRENT ASSETS</b>			
Inventories		–	108,681
Trade and other receivables and deposits	<i>10</i>	<b>439,555</b>	723,832
Loan receivables		<b>4,437</b>	4,524
Finance lease receivables		–	1,649
Prepayments	<i>11</i>	<b>534,411</b>	499,320
Financial assets at fair value through profit or loss		<b>1,706</b>	1,991
Restricted bank balances		<b>41,654</b>	41,951
Bank balances and cash		<b>273,102</b>	325,973
		<b>1,294,865</b>	1,707,921
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>12</i>	<b>164,846</b>	204,567
Lease liabilities		<b>9,414</b>	14,665
Obligation arising from a forward contract with non-controlling interests		<b>47,079</b>	–
Income tax payable		<b>1,033</b>	1,004
		<b>222,372</b>	220,236
<b>NET CURRENT ASSETS</b>		<b>1,072,493</b>	1,487,685
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,211,894</b>	1,648,541

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 June 2024*

	<i>NOTES</i>	<b>As at 30 June 2024 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2023 HK\$'000 (Audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		17,827	26,694
Obligation arising from a forward contract with non-controlling interests		–	45,632
Deferred tax liabilities		127	128
		<u>17,954</u>	<u>72,454</u>
<b>NET ASSETS</b>		<b><u>1,193,940</u></b>	<b><u>1,576,087</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>13</i>	24	24
Reserves		1,249,444	1,599,318
		<u>1,249,468</u>	<u>1,599,342</u>
Equity attributable to owners of the Company		1,249,468	1,599,342
Non-controlling interests		(55,528)	(23,255)
		<u>1,193,940</u>	<u>1,576,087</u>
<b>TOTAL EQUITY</b>		<b><u>1,193,940</u></b>	<b><u>1,576,087</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company										
	Share capital HK\$'000	Treasury stocks HK\$'000	Share premium 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 2024 (Audited)	24	-	2,282,429	-	(1,689)	183,106	(117,066)	(747,462)	1,599,342	(23,255)	1,576,087
Loss for the period	-	-	-	-	-	-	-	(355,202)	(355,202)	(11,792)	(366,994)
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	(9,551)	-	(9,551)	-	(9,551)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(7,476)	-	(7,476)	-	(7,476)
Other comprehensive expense for the period	-	-	-	-	-	-	(17,027)	-	(17,027)	-	(17,027)
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(17,027)	(355,202)	(372,229)	(11,792)	(384,021)
Recognition of equity-settled share-based payment expenses (note 14(b))	-	-	-	-	-	-	-	-	-	1,874	1,874
Vesting of shares of a subsidiary (note 14(b))	-	-	22,355	-	-	-	-	-	22,355	(22,355)	-
At 30 June 2024 (Unaudited)	24	-	2,304,784	-	(1,689)	183,106	(134,093)	(1,102,664)	1,249,468	(55,528)	1,193,940

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company										
	Share capital HK\$'000	Treasury stocks HK\$'000	Share premium 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	Retained earnings (accumulated losses) HK\$'000	Subtotal HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2023 (Audited)	24	(6,955)	2,267,925	412	11,293	177,727	(78,558)	42,083	2,413,951	330	2,414,281
Loss for the period	-	-	-	-	-	-	-	(194,833)	(194,833)	(105)	(194,938)
Changes in fair value of equity instruments	-	-	-	-	(1,927)	-	-	-	(1,927)	-	(1,927)
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	(65,546)	-	(65,546)	-	(65,546)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(22,536)	-	(22,536)	-	(22,536)
Other comprehensive expense for the period	-	-	-	-	(1,927)	-	(88,082)	-	(90,009)	-	(90,009)
Loss and total comprehensive expense for the period	-	-	-	-	(1,927)	-	(88,082)	(194,833)	(284,842)	(105)	(284,947)
Recognition of equity-settled share-based payment expenses (note 14(a))	-	-	-	1,646	-	-	-	-	1,646	-	1,646
At 30 June 2023 (Unaudited)	24	(6,955)	2,267,925	2,058	9,366	177,727	(166,640)	(152,750)	2,130,755	225	2,130,980



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	<u>(36,480)</u>	<u>(131,386)</u>
Net cash from investing activities	<u>1,241</u>	<u>5,342</u>
Net cash used in financing activities	<u>(5,795)</u>	<u>(8,964)</u>
Net decrease in cash and cash equivalents	(41,034)	(135,008)
Cash and cash equivalents at beginning of the period	325,973	533,944
Effect of foreign exchange rate changes	<u>(11,837)</u>	<u>(20,020)</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u><u>273,102</u></u>	<u><u>378,916</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

## 1. GENERAL INFORMATION

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

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

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

## 2. BASIS OF PREPARATION

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

## 3. PRINCIPAL ACCOUNTING POLICIES

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

Other than the accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### 3. PRINCIPAL ACCOUNTING POLICIES – continued

#### *Application of amendments to International Financial Reporting Standards (“IFRSs”)*

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

### 4. REVENUE

#### Disaggregation of revenue from contracts with customers

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Types of goods or services</b>		
Provision of performance-based we-media marketing services		
Interactive entertainment and digital products marketing	<b>56,663</b>	55,380
E-commerce products marketing	<b>20,882</b>	148,586
	<b>77,545</b>	203,966
Sales of E-commerce goods	<b>32,798</b>	1,944,141
Others	<b>883</b>	69
	<b>111,226</b>	2,148,176
<b>Timing of revenue recognition</b>		
A point in time	<b>111,226</b>	2,148,176

## 5. SEGMENT INFORMATION

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

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

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

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

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

### Segment revenue and results

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

#### For the six months ended 30 June 2024

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

## 5. SEGMENT INFORMATION – continued

### Segment revenue and results – continued

For the six months ended 30 June 2023

	Provision of performance-based we-media marketing services <i>HK\$'000</i> (Unaudited)	Sales of E-commerce goods <i>HK\$'000</i> (Unaudited)	Others <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment revenue from external customers	203,966	1,944,141	69	2,148,176
Segment profit (loss)	20,816	(222,574)	(14,258)	(216,016)
Share of results of associates				(128)
Unallocated corporate expenses and other gains and losses				21,206
Loss for the period				(194,938)

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

### Segment assets and liabilities

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

## 6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Loss (gain) on disposal of property, plant and equipment, net	6	(1,572)
Foreign exchange gains, net	(10,280)	(43,733)
(Gain) loss on fair value changes of financial assets at FVTPL	(2,355)	516
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	1,778	1,809
Others	(2,234)	338
	<u>(13,085)</u>	<u>(42,642)</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax	<u>65</u>	<u>91</u>

## 8. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2024 (six months ended 30 June 2023: nil). The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## 9. 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company	<u>(355,202)</u>	<u>(194,833)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share ( <i>'000</i> )	<u>2,371,927</u>	<u>2,369,427</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the six months ended 30 June 2023 has been arrived at after deducting shares held by share award scheme trust as set out in note 14.

During the six months ended 30 June 2024, there was no potential ordinary share outstanding. The computation of diluted loss per share for the six months ended 30 June 2023 does not consider the effect of non-vested shares under the share award scheme as it would result in a decrease in loss per share.



## 10. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Trade receivables	353,557	368,272
Less: Allowance for credit losses	<u>(197,137)</u>	<u>(145,280)</u>
	<u>156,420</u>	<u>222,992</u>
Deposits for operating overseas E-commerce business ( <i>note</i> )	215,000	440,000
Receivables on behalf of third parties as an agent	56,176	49,991
Receivables of income from investments in films and television dramas	16,676	16,795
Deposits paid to suppliers	2,323	2,339
Rental and other deposits	6,161	6,268
Other receivables	19,539	16,842
Less: Allowance for credit losses	<u>(28,565)</u>	<u>(26,203)</u>
	<u>287,310</u>	<u>506,032</u>
Total trade and other receivables and deposits	<u><u>443,730</u></u>	<u><u>729,024</u></u>
Analysis as		
Non-current	4,175	5,192
Current	<u>439,555</u>	<u>723,832</u>
	<u><u>443,730</u></u>	<u><u>729,024</u></u>

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

During the six months ended 30 June 2024, the Group decided not to operate business in certain countries, and deposits amounting to HK\$225,000,000 (six months ended 30 June 2023: HK\$174,000,000), including the refundable deposits amounting to HK\$220,000,000 (six months ended 30 June 2023: nil) as stated below, was refunded to the Group or offset by trade payables.

During the six months ended 30 June 2024, the Group and the traffic supplier of the Group entered into a debt settlement agreement, pursuant to which the payables to the traffic supplier of HK\$220,000,000 (six months ended 30 June 2023: nil), was offset against the Group's refundable deposits for operating overseas E-commerce markets of the same amount. The above transactions are accounted for as a non-cash transaction.

## 10. TRADE AND OTHER RECEIVABLES AND DEPOSITS – continued

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

	As at <b>30 June</b> <b>2024</b> <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Within 3 months	10,046	108,023
3-6 months	37,258	52,600
7-12 months	64,637	62,369
Over 12 months	44,479	–
	<u>156,420</u>	<u>222,992</u>

## 11. PREPAYMENTS

	As at <b>30 June</b> <b>2024</b> <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Prepayments for purchases of traffic ( <i>note a</i> )	532,924	492,911
Prepayments for consulting services	–	5,064
Other prepayments	1,487	1,345
	<u>534,411</u>	<u>499,320</u>

## 11. PREPAYMENTS – continued

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

	Six months ended 30 June	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January (Audited)	492,911	684,893
Newly prepaid	128,750	189,010
Utilised	(85,060)	(132,390)
Settlement ( <i>note b</i> )	–	(150,000)
Exchange realignment	(3,677)	(22,792)
	<u>532,924</u>	<u>568,721</u>
At 30 June (Unaudited)	<u><u>532,924</u></u>	<u><u>568,721</u></u>

*Notes:*

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

The Group's total advance payments to its largest traffic supplier composed of the deposits for operating overseas E-commerce markets (see note 10) and prepayments for purchases of traffic. As at 30 June 2024, the Group's total advance payments to its largest supplier as a percentage of total assets was 52% (31 December 2023: 50%). Details of the percentage are as follows:

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Advance to the largest supplier:		
– Deposits for operating overseas E-commerce markets ( <i>note 10</i> )	215,000	440,000
– Prepayments for purchases of traffic	532,924	492,911
	<u>747,924</u>	<u>932,911</u>
Total assets	<u>1,434,266</u>	<u>1,868,777</u>
Advance to the largest supplier as a percentage of total assets	<u>52%</u>	<u>50%</u>

## 11. PREPAYMENTS – continued

Notes: – continued

- b. During the six months ended 30 June 2023, the Group and the traffic supplier of the Group entered into a debt settlement agreement, pursuant to which the payables to the traffic supplier of HK\$150,000,000 was offset against the Group's prepayments to the traffic supplier of the same amount. The above transactions are accounted for as a non-cash transaction.

Subsequent to the end of the current interim period, prepayments for purchases of traffic, in an aggregate amount of HK\$89,311,000, were utilised or offset against the Group's payables to the traffic supplier in July 2024.

## 12. TRADE AND OTHER PAYABLES

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Trade payables	144,848	173,026
Employee compensation payable	11,047	11,345
Other tax payable	1,201	1,703
Accrued listing expense/share issue costs	4,383	4,414
Payables for intangible assets	1,972	1,986
Other payables and accruals	1,395	12,093
	<u>164,846</u>	<u>204,567</u>

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

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Within 3 months	132,980	122,587
4-6 months	1,251	48,263
7-12 months	10,617	–
1-2 years	–	2,176
	<u>144,848</u>	<u>173,026</u>

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

### 13. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$</i>
Ordinary shares of HK\$0.00001 each		
Authorised		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	<b>5,000,000,000</b>	<b>50,000</b>
Issued and fully paid		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	<b>2,371,927,200</b>	<b>23,720</b>
	As at <b>30 June</b> <b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>HK\$'000</i> <b>(Audited)</b>
Presented as	<b>24</b>	<b>24</b>

### 14. SHARE BASED PAYMENT TRANSACTIONS

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

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

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

During the six months ended 30 June 2024 and 2023, the Trustee did not purchase any shares of the Company, and no participant was selected as the Selected Participants, thus no share had been granted.

During the six months ended 30 June 2023, the Group recognised share-based payment expenses of HK\$1,646,000 in respect of these awarded shares.

## 14. SHARE BASED PAYMENT TRANSACTIONS – continued

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

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

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

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

	<b>Outstanding at 1 January 2024</b>	<b>Granted during the period</b>	<b>Vested during the period</b>	<b>Forfeited during the period</b>	<b>Outstanding at 30 June 2024</b>
Shares granted to: Mr. Zhu Zinan	<u>800</u>	<u>–</u>	<u>(200)</u>	<u>–</u>	<u>600</u>
	Outstanding at 1 January 2023	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2023
Shares granted to: Mr. Zhu Zinan	<u>–</u>	<u>1,000</u>	<u>(200)</u>	<u>–</u>	<u>800</u>

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

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

During the six months ended 30 June 2024, share-based payment expenses of HK\$1,874,000 (six months ended 30 June 2023: nil) was recognised in the Group’s consolidated statement of profit or loss in respect of the Joy Spreader International Share Award Scheme.



## THE CORPORATE GOVERNANCE

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

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code for the six months ended June 30, 2024, 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 of the Company.

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, 2024. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

## USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on September 23, 2020 (the “**Listing**”). According to the relevant disclosures as set out in the Prospectus and the announcement of offer price and allotment results dated September 22, 2020, after deducting underwriting fees, commissions and related expenses payable by the Company, the net proceeds obtained by the Company from the Global Offering (the “**Original Net Proceeds from the Listing**”) amounted to approximately HK\$1,498.83 million (including the net proceeds from partial exercise of the Over-allotment Option).

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

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

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

The intended use of the net proceeds from the listing as described in the Prospectus	Original Net Proceeds from the Listing (including net proceeds from the exercise of the Over – allotment Option) (HK\$ million)	Approximate percentage of Original Net Proceeds from the Listing (%)	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024 (HK\$ million)	Utilized proceeds from the Listing upon first reallocation from January 1, 2024 to March 28, 2024 (HK\$ million)	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024 (HK\$ million)
<b>To continue to strengthen our capabilities in performance-based mobile new media marketing services, the net proceeds:</b>					
(1) Will be used for potential investments in, or acquisitions of suitable licensed or large agents of top mobile we-media platforms;	106.42	7.10%	67.21	–	67.21
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;	46.46	3.10%	–	–	–
(3) Will be used to expand our interactive entertainment product offerings; and	121.41	8.10%	45.77	–	45.77
(4) Will be used to increase and diversify our collaboration with licensed or large agents of popular mobile new media platforms in order to capture high-quality mobile new media resources.	22.48	1.50%	22.48	–	22.48

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

Due to the reasons set out in the paragraph headed “Reasons for and Benefits of the Change in the Use of Proceeds from the Listing” below, the Board has passed a resolution on March 28, 2024 to determine that the unutilized net proceeds from the Listing upon first reallocation were reallocated for the second time as follows:

	Net proceeds from the Listing upon first reallocation (including net proceeds from the exercise of the Over-allotment Option) (HK\$ million)	Approximate percentage of updated net proceeds upon first reallocation (%)	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024 (HK\$ million)	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024 (HK\$ million)	Reallocation of proceeds from the Listing upon first reallocation (HK\$ million)	Proceeds upon second reallocation (HK\$ million)	Unutilized proceeds from the Listing upon second reallocation (HK\$ million)	Utilized proceeds from the Listing upon second reallocation from March 29, 2024 to June 30, 2024 (HK\$ million)	Unutilized proceeds from the Listing upon second reallocation as of June 30, 2024 (HK\$ million)	Expected timetable for unutilized proceeds from the Listing upon second reallocation
The intended use of the net proceeds as described in the Prospectus										
To develop our short-form video mobile new media monetization business, the net proceeds:										
(1) Will be used to invest in developing our self-owned user traffic;	511.11	33.61%	-	-	+30.00	541.11	30.00	20.91	9.09	over the next year
(2) Will be used to expand our team;	61.45	4.04%	26.09	26.09	-10.00	51.45	16.09	-	16.09	over the next year
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.46%	7.07	7.07	-	37.47	7.07	-	7.07	over the next year
(4) Will be used to procure high quality copyrights or ownership of high quality interactive entertainment products or license-in high quality interactive entertainment products; and	265.29	17.45%	32.16	32.16	-20.00	245.29	12.16	-	12.16	over the next year
(5) Will be used to continuously develop and optimize our algorithms and data collection capabilities to increase the effectiveness of recommendation algorithms for short-form videos.	23.98	1.58%	1.46	1.46	-	23.98	1.46	-	1.46	over the next year

	Net proceeds from the Listing upon first reallocation (including net proceeds from the exercise of the Over-allotment Option) (HK\$ million)	Approximate percentage of updated net proceeds upon first reallocation (%)	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024 (HK\$ million)	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024 (HK\$ million)	Reallocation of proceeds from the Listing upon first reallocation (HK\$ million)	Proceeds upon second reallocation (HK\$ million)	Unutilized proceeds from the Listing upon second reallocation (HK\$ million)	Utilized proceeds from the Listing upon second reallocation from March 29, 2024 to June 30, 2024 (HK\$ million)	Unutilized proceeds from the Listing upon second reallocation as of June 30, 2024 (HK\$ million)	Expected timetable for unutilized proceeds from the Listing upon second reallocation
The intended use of the net proceeds as described in the Prospectus	106.42	7.00%	67.21	67.21	-60.00	46.42	7.21	-	7.21	over the next year
To continue to strengthen our capabilities in performance-based mobile new media marketing services, the net proceeds:	46.46	3.06%	-	-	+60.00	106.46	60.00	-	60.00	over the next year
(1) Will be used for potential investments in, or acquisitions of suitable licensed or large agents of top mobile we-media platforms;	81.41	5.35%	45.77	45.77	-40.00	41.41	5.77	-	5.77	over the next year
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;										
(3) Will be used to expand our interactive entertainment product offerings; and										
(4) Will be used to increase and diversify our collaboration with licensed or large agents of popular mobile new media platforms in order to capture high-quality mobile new media resources.	22.48	1.48%	22.48	22.48	-15.00	7.48	7.48	-	7.48	over the next year



Net proceeds from the Listing upon first reallocation (including net proceeds from the exercise of the Over-allotment Option) (HK\$ million)	Approximate percentage of updated net proceeds upon first reallocation (%)	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024 (HK\$ million)	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024 (HK\$ million)	Reallocation of proceeds from the Listing upon first reallocation (HK\$ million)	Unutilized proceeds from the Listing upon second reallocation (HK\$ million)	Utilized proceeds from the Listing upon second reallocation from March 29, 2024 to June 30, 2024 (HK\$ million)	Unutilized proceeds from the Listing upon second reallocation as of June 30, 2024 (HK\$ million)	Expected timetable for unutilized proceeds from the Listing upon second reallocation
The intended use of the net proceeds as described in the Prospectus								
61.45	4.04%	61.27	61.27	-55.00	6.45	0.13	6.14	over the next year
<b>To finance our international expansion, the net proceeds:</b>								
(1) Will be used to establish an overseas office in South Korea or countries in Southeast Asia and to establish an international sales and marketing team;								
40.90	2.69%	-	-	+60.00	100.90	-	60.00	over the next year
(2) Will be used for procuring user traffic from overseas mobile new media platforms or their agents that provide traffic resources to extend our performance-based mobile new media marketing services to overseas platforms for both domestic marketers and foreign marketers that seek to market their products on overseas short-video platforms;								
33.40	2.20%	-	-	+30.00	63.40	-	30.00	over the next year
(3) Will be used to develop overseas versions of our technology platforms; and								
18.97	1.25%	-	-	+20.00	38.97	5.76	14.24	over the next year
(4) Will be used to expand overseas sales of E-commerce goods business.								
60.00	3.94%	60.00	60.00	-	60.00	-	60.00	over the next year
<b>The net proceeds to develop our culture business</b>								
149.88	9.85%	1.80	0.19	-	149.88	-	0.19	over the next year
<b>For our working capital and general corporate purposes</b>								
1,520.67	100.00%	323.31	323.70	-	1,520.67	26.80	296.90	
<b>Total</b>								

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

The Board is of the opinion that, it is necessary for the Group to further intensify its investment in culture business and interest-based algorithm technology service based on overseas mobile new media. The Board believes that the change in the use of gross proceeds from the listing is beneficial for the Group to satisfy its current operational requirements, and is therefore in the best interests of the Group and the Shareholders as a whole.

As of June 30, 2024, the remaining unutilized proceeds from the Listing upon second reallocation amounted to approximately HK\$296.90 million and the proceeds utilized during the Reporting Period were in line with the intended uses as disclosed by the Company.

## **USE OF PROCEEDS FROM THE PLACING**

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

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

During the six months ended June 30, 2024, 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). At the end of the Reporting Period, the Company did not hold any treasury shares.

## **EVENT AFTER THE REPORTING PERIOD**

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

## **REVIEW OF INTERIM RESULTS**

The Audit Committee currently comprises three members, namely Mr. Tang Wei, Mr. Huang Boyang and Mr. Fang Hongwei, all of whom are independent non-executive Directors. The chairman of the Audit Committee is Mr. Tang Wei. The Audit Committee has jointly reviewed with the management of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2024) 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, 2024 (for the six months ended June 30, 2023: Nil).

## **PUBLICATION OF CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT FOR 2024**

The announcement was published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.joyspreader.com](http://www.joyspreader.com)). The interim report for the six months ended June 30, 2024 included all information required by the Listing Rules, which will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

## **SUPPLEMENTAL INFORMATION IN RELATION TO THE 2023 ANNUAL REPORT**

Reference is made to the annual report of the Company for the year ended December 31, 2023 published on April 29, 2024 (the “**2023 Annual Report**”). The Company wishes to provide certain supplemental information regarding the 2023 Annual Report.

### **Use of Proceeds from the Placing**

For the year ended December 31, 2023, the Company had utilized HK\$143.96 million, being the proceeds remained unutilized as of January 1, 2023, on purchasing merchandise, mainly products for E-commerce channel, such as smartphones and other devices, to support the development of the Group’s overseas sales of E-commerce goods business. As of December 31, 2023, the proceeds from the placing have been utilized in full and the use of the proceeds was according to the intentions previously disclosed by the Company. For further information, please refer to the Company’s announcements dated June 7, 2022 and June 16, 2022.

### **Share Award Scheme**

For the Share Award Scheme adopted by the Company on June 21, 2021, as of January 1, 2023, there were 2,500,000 unvested award Shares granted to one employee on November 16, 2022, which had been vested in full as of December 31, 2023. The closing price of the Shares before the date of grant on November 16, 2022 was HK\$1.48. The weighted average fair value of the award Shares was HK\$1.42 at the date of grant. The weighted average closing price of the award Shares immediately before the date on which the award Shares were vested was HK\$0.23.

### **Joy Spreader International Share Award Scheme**

In relation to the conditional grant of 1,000 shares of Joy Spreader International to Mr. Zhu under Joy Spreader International Share Award Scheme, the vesting of such award shares is subject to the achievement of specified performance targets. The performance targets of the conditional grant of shares of Joy Spreader International as of December 31, 2023 include:

- (a) Operational performance targets: enhance brand equity of Joy Spreader International, promote operational efficiency of Joy Spreader International, strengthen the standard of corporate governance and create a good corporate culture, so as to improve the overall operational capacity and efficiency of Joy Spreader International; and
- (b) Financial performance target: the revenues of Joy Spreader International for the first half of 2023.

In addition, in respect of the conditional grant of shares of Joy Spreader International, the factors to be taken into consideration also include the contributions of Mr. Zhu to the Group and Joy Spreader International in 2022.

As of December 31, 2023, a total of 200 shares of Joy Spreader International, being the first instalment of the unconditional grant, had been vested by Mr. Zhu. Although the entire vesting period is slightly shorter than 12 months as required by Rule 17.03F of the Listing Rules, the remuneration committee of the Company (the “**Remuneration Committee**”) considers that the grant of the shares of Joy Spreader International is appropriate and consistent with the purpose of the Joy Spreader International Share Award Scheme to motivate the grantee and enable him to participate in the growth of the business of the Group. In relation to the 200 shares vested by Mr. Zhu in 2023, based on the comprehensive evaluation conducted by the Remuneration Committee, it is determined that Mr. Zhu has satisfactorily met the operational performance targets and financial performance target stipulated in the Joy Spreader International Share Award Scheme and that the conditions for the vesting of the relevant award shares had been duly fulfilled. Further, Mr. Zhu has enhanced the brand equity of Joy Spreader International, promoted operational efficiency, and strengthened the standards of corporate governance, thereby effectively improving the overall operational capacity and efficiency of Joy Spreader International. The financial performance target, encompassing the revenues for the first half of 2023, has also been achieved according to its unaudited financial results. Accordingly, the Remuneration Committee had reviewed and approved the vesting of shares of Joy Spreader International to Mr. Zhu.

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

Beijing, the PRC  
August 30, 2024

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