

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**Joy Spreader Group Inc.**

**樂享集團有限公司**

*(Formerly known as Joy Spreader Interactive Technology. Ltd)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6988)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021**

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 (the “**Group**”) for the six months ended June 30, 2021 (the “**Reporting Period**”), together with the comparative figures for the six months ended June 30, 2020 as follows:

### **FINANCIAL RESULTS HIGHLIGHTS**

	<b>For the six months ended June 30 2021 (Unaudited) (HK\$ in millions, except for percentages)</b>	<b>2020<sup>(1)</sup> (Unaudited) (Restated) (Note 1 to the condensed consolidated financial statements)</b>	<b>Year-on-year changes Increase/ (decrease) (%)</b>
<b>Revenue</b>	<b>624.33</b>	384.51	62.37%
Interactive entertainment and other digital products marketing	<b>495.12</b>	349.64	41.61%
E-commerce products marketing	<b>129.21</b>	33.54	285.24%
Other products <sup>(2)</sup>	–	1.33	(100.00)%
<b>Gross profit</b>	<b>214.07</b>	104.35	105.15%
Interactive entertainment and other digital products marketing	<b>148.79</b>	77.26	92.58%
E-commerce products marketing	<b>65.28</b>	26.83	143.31%
Other products <sup>(2)</sup>	–	0.26	(100.00)%
<b>Profit for the period (excluding foreign exchange gains or losses)</b>	<b>137.17</b>	67.82	102.26%

## FINANCIAL RESULTS HIGHLIGHTS – CONTINUED

	For the six months ended June 30 2021 (Unaudited) (HK\$ in millions, except for percentages)	2020 <sup>(1)</sup> (Unaudited) (Restated) (Note 1 to the condensed consolidated financial statements)	Year-on-year changes Increase/ (decrease) (%)
Foreign exchange gains or losses <sup>(3)</sup>	29.75	–	–
Profit for the period	107.42	67.82	58.39%
Profit for the period attributable to owners of the Company	107.42	67.82	58.39%
Net profit margin excluding foreign exchange gains or losses	21.97%	17.64%	4.33 <sup>(4)</sup>
Net profit margin	17.21%	17.64%	(0.43) <sup>(4)</sup>

Notes:

- (1) The presentation currency of the Company was changed from Renminbi (“RMB”) to Hong Kong Dollars (“HK\$”) in 2020, therefore, the above financial results highlights are presented in HK\$. The comparative information has been restated to reflect the change in presentation currency to HK\$ accordingly;
- (2) Other products mainly refer to non-performance-based marketing campaigns we provided to customers;
- (3) Loss on the translation of unutilized listing proceeds was due to the decline in Hong Kong dollar exchange rate;
- (4) Changes in percentage points.

## INFORMATION HIGHLIGHTS ON OPERATIONS

	As at June 30 or for the six months ended June 30 2021	2020	Year-on-year changes Increase/ (decrease) (%)
<b>Number of platform-based marketing points (quantities)</b>			
Covered marketing points <sup>(1)</sup>	<b>1,561,601</b>	505,945	208.65%
Douyin	<b>657,344</b>	80,141	720.23%
WeChat official accounts	<b>872,923</b>	425,804	105.01%
WeChat video channels	<b>31,334</b>	—	—
Active marketing points <sup>(1)</sup>	<b>689,512</b>	304,668	126.32%
Douyin	<b>65,237</b>	20,649	215.93%
WeChat official accounts	<b>624,275</b>	284,019	119.80%
<b>Average turnover per active marketing point<sup>(1)</sup></b>			
Douyin e-commerce products (HK\$)	<b>9,920.44</b>	8,608.65	15.24%
WeChat official accounts interactive entertainment (HK\$)	<b>2,833.77</b>	2,788.33	1.63%
Average turnover per active marketing point (HK\$)	<b>3,504.26</b>	3,182.81	10.10%
<b>Matching transactions turnover</b>			
E-commerce products GMV <sup>(2)</sup> (HK\$ million)	<b>647.18</b>	177.76	264.08%
Interactive entertainment products turnover (HK\$ million)	<b>1,769.05</b>	791.94	123.38%
Total matching transactions turnover (HK\$ million)	<b>2,416.23</b>	969.70	149.17%
<b>Number of customers and marketing products (quantities/types)</b>			
Number of marketers	<b>308</b>	225	36.89%
Number of interactive entertainment and other digital products	<b>1,538</b>	944	62.92%
Number of e-commerce products	<b>231</b>	124	86.29%
<b>R&amp;D investments</b>			
R&D expenditure (HK\$ million)	<b>29.90</b>	3.68	712.50%
Number of data models (sets)	<b>169</b>	123	37.40%

Notes:

- (1) For details of “covered marketing points”, “active marketing points” and “average turnover per active marketing point”, please refer to the sections under “Our Business” and “Our Revenue Models”;
- (2) Gross Merchandise Volume (“GMV”).

## CORPORATE PROFILE

### Overview

The Group is a leading technology company, engaged in mobile new media smart performance-based marketing business in China. With the rapid development of China's mobile internet technology and business environment, mobile new media platforms, such as Tencent and ByteDance, have, on one hand, gathered extensive users and made overlong online time available, and on the other hand, fostered brand new scene of consumption based on the interests and potential demands of mobile internet users. The Group prospectively pays close attention to the change in business environment of mobile internet, and proactively practices the philosophy of "technology empowers marketing and performance achieves value (科技赋能营销、效果成就价值)". Through these efforts, the Group is committed to serving the vast mobile new media consumption market and mobile internet monetization area with leading marketing technological capability and platform-based professional service capability. Focusing on data and algorithms, we leverage coupled matching technologies based on interest recommendations to enable the e-commerce and interactive entertainment products to direct to consumer ("DTC") and share the commercial value with the product providers and the new media publishers in the form of cost per sale (CPS).

### Our Business

The Group connects mobile new media content publishers and marketers using proprietary technologies and platforms, facilitates coupled matching of e-commerce products, interactive entertainment products, etc. with mobile new media traffic through supply side platform ("SSP") services and demand side platform ("DSP") services to facilitate user consumption behaviors, and charges profit-sharing fees according to transaction amount, conversion volume and other performance indicators. The Group doesn't provide services based on the marketing budgets of marketers. Instead, we are committed to helping our marketers direct to consumer ("DTC") to facilitate consumption transactions. Close cooperation with marketers in a model of cost per sale (CPS) is a characteristic of the Group's business model.

#### ***(I) Supply Side Platform ("SSP") Service: Media Profiling and Intelligent Product Selection***

We provide simple and easy-to-use SaaS tools to mobile new media traffic providers, i.e., content publishers, to help them get access to our business platforms for the supply side platform ("SSP")'s intelligent product selection service. The automatic analysis of the characteristic attributes of published content, the anonymous users' behaviors on contents (such as retweeting, liking, following, commenting, etc.) and the dynamic interaction relationship between the aforesaid characteristic attributes and anonymous users' behaviors enable the production of data-oriented and labelled media profiling data. Leveraging the data and algorithm-based interest recommendation technologies, we recommend to mobile new media publishers the products that match media profiling in the form of short lists selected by our model and launch them at the marketing points (such as the shopwindow of Douyin and the manu bar of WeChat official accounts) available to internet users for purchase, topping up, or download and installation, thus generating revenue through cost per sale (CPS) or cost per action (CPA). The SSP mainly provides services to WeChat official accounts and video channels, and content publishers on Douyin platform, or guilds and MCN organizations.

Through the SSP service, the Group is able to obtain stable marketing points in bulk automatically. As of June 30, 2021, the Group had 1,561,601 covered marketing points in its business networks, increasing by 208.65% from 505,945 covered marketing points as of June 30, 2020. A “covered marketing point” refers to a marketing point accessed by the business platforms of the Group for potential business cooperation and authorizing the use of relevant services by the Group. Only after a series of technical works, including data analysis, media profiling and algorithm matching with product end, can a “covered marketing point” be converted into an “active marketing point”. An “active marketing point” refers to a marketing point concluding at least one matching transaction during a fixed period. For the six months ended June 30, 2021, the Group had 689,512 active marketing points on its business platforms, increasing by 126.32% from 304,668 active marketing points for the first half of 2020; the average turnover per active marketing point was approximately HK\$3,504, increasing by 10.10% from approximately HK\$3,183 for the first half of 2020.

The SSP service provides extensive distribution networks for the performance-based marketing services of the Group, and also helps us analyze the marketing performance simultaneously and provides technical support for data accumulation and algorithm iteration, thereby improving the cash conversion efficiency of our marketing points.

## ***(II) Demand Side Platform (“DSP”) Service: Product Profiling and Intelligent Account Selection***

Meanwhile, we provide demand side platform (“DSP”)’s intelligent account selection service to demanders of mobile new media traffic, i.e., the marketers. We transform the products of marketers into data and labels to form a product profile, and select the mobile new media marketing points mostly suitable for product distribution and release in the form of short lists selected by our model. Purchase, topping up or download and installation by the internet users through the marketing points help the marketers secure sales orders or new users. Marketers for DSP service primarily include (i) e-commerce operators who need to distribute its physical products; and (ii) companies who need to issue interactive entertainment and other digital products, such as game developers, online literature providers, app developers, etc.

## ***(III) Matching Transactions***

Under our SSP service and DSP service, the Group, via hyperlinks, publishes the products of marketers (such as games, e-commerce products, online literature, mobile app and applet promotion projects, etc.) at the marketing points of mobile new medias (such as the shopwindow of Douyin and the manu bar of WeChat official accounts) available to the internet users for purchase, topping up, or download and installation, thus achieving marketing target. The role of the Group in the marketing business is to match media profile and product profile, and to promote the consumption transactions of products at the marketing points under the help of the data models. We provide an intelligent platform for business cooperation between marketers and content publishers in the form of matching transaction.

## Our Revenue Models

Depending on different types of business, the Group mainly has two revenue models, i.e., “cost per sale (CPS)” and “cost per action (CPA)” and currently, the “cost per sale (CPS)” model is the major revenue model adopted by the Group. Based on the first-half year figures of 2021, revenue calculated on cost per sale (CPS) basis accounted for 92.71% of the total revenue of the Group.

### Types of business

### Revenue models

Interactive entertainment and other digital products  
marketing, including:

Games

Online literature

Apps and others

E-commerce products marketing

Cost per sale (CPS)

Cost per sale (CPS)

Cost per action (CPA)

Cost per sale (CPS)

### **(I) Cost Per Sale (CPS) Model**

For e-commerce, games and online literature marketing business, the Group charges service fee based on an agreed percentage of e-commerce GMV or turnover from interactive entertainment product release or joint operations (i.e., CPS sharing). The revenue of such business mainly depends on (i) the matching transactions turnover; and (ii) the agreed profit-sharing ratio.

#### *(i) Matching transactions turnover*

Turnover from the Group’s matching transactions may be expressed in the following formula:

Number of active marketing points × turnover per marketing point = turnover

#### *(a) Number of active marketing points*

An “active marketing point” refers to a marketing point concluding at least one matching transaction during a fixed period, which is converted from a “covered marketing point” after a series of technical works, including data analysis, media profiling and algorithm matching with the product end. A “covered marketing point” refers to a marketing point accessed to the business platforms of the Group for potential business cooperation and authorizing the use of relevant services by the Group. Therefore, the Group strives to improve the number of active marketing points either by increasing the number of “covered marketing points” or by improving the ratio of converting “covered marketing points” into “active marketing points”, being the important direction.

The Group increases the number of covered marketing points in various ways. We have extensive access to the covered marketing points via the official instruments of mobile new media platforms such as Douyin and WeChat official accounts, guilds, MCN organizations and individuals. As of June 30, 2021, the Group had 1,561,601 covered marketing points in its business networks, increasing by 208.65% from 505,945 covered marketing points as of June 30, 2020.

The Group improves the ratio of converting “covered marketing points” into “active marketing points” in three aspects. Firstly, we continuously optimize the model-based algorithms to improve the ability of identifying and selecting higher-quality marketing points, thereby improving the quality of covered marketing points; secondly, we continuously optimize the model-based algorithms to improve the accuracy of media profiling, so that the content characteristics and anonymous fan behaviors at the covered marketing points can be fully identified and matched to the suitable products for trading purpose; thirdly, we continue to diversify our product portfolio and introduce more popular products to enhance product attractiveness and improve the activeness of the covered marketing points.

(b) Turnover per marketing point

In a bid to improve turnover per marketing point, we (i) optimize business structure by various means, including offering e-commerce and high unit-price products, to improve the strike price of single consumption transaction; and (ii) make real-time adjustments to the schedule and carousel at the marketing points based on model-based algorithms to boost the same-point trading frequency.

For the first half of 2021, the Group’s average turnover per active marketing point was approximately HK\$3,504, increasing by 10.10% from approximately HK\$3,183 for the first half of 2020. In particular, the average e-commerce GMV from matching transactions per active marketing point on Douyin was approximately HK\$9,920 for the first half of 2021, increasing by 15.24% from HK\$8,609 for the same period of 2020; and the average interactive entertainment product turnover from matching transactions per active marketing point on WeChat official accounts was approximately HK\$2,834 for the first half of 2021, increasing by 1.63% from HK\$2,788 for the same period of 2020.

Given the higher amount and faster growth of turnover from matching transactions at the e-commerce marketing points, the Group is focusing on the coverage of e-commerce marketing points to further improve the average marketing point turnover on its business platforms.



*(ii) Agreed profit-sharing ratio*

The agreed profit-sharing ratio is determined by the Group and the marketers after comprehensive evaluation by data models and product managers with reference to the product characteristics of the marketers. Different products have different profit-sharing ratios, and the profit-sharing ratio of a same product also differs in different marketing periods and with different marketing plans.

***(II) Cost Per Action (CPA) Model***

For apps and other digital products marketing service, the Group charges marketers for service based on transaction performance (e.g., download, installation and registration). Based on the first-half year figures of 2021, revenue calculated on cost per action (CPA) basis accounted for 7.29% of the total revenue of the Group, therefore, the CPA model is not a major revenue model.

**Data Security and Privacy Protection**

The Group highly values the trust of marketers, internet platform companies and content publishers, as well as their recognition to our business, technology and service capabilities. The Group has always been strictly complying with and will consistently implement the laws, regulations and systems relating to data security and privacy protection in the countries and regions where we operate, with higher standards. The majority of the data we analyze and apply in our research and development and operation is mobile new media content data, anonymous user behavioral data and product data, and none has involved with any privacy information of specific customers, users or IDs. Our database is under the protection of multi-dimensional and multi-layered encryption measures and is duly stored on trustworthy cloud and local server platforms in industry.

**Our Technologies**

The Group has accumulated substantial mobile new media content data, anonymous user behavioral data and product data through long-term service, which has enabled us to build a powerful technology platform empowered by our proprietary business intelligence technologies and with valid data collection capabilities and strong data analysis capabilities. As a technology-driven company with data and algorithms being its core competencies, the Group is able to analyze and conduct information structure processing on products, mobile new media content and anonymous user behaviors through an automated platform to recommend customized products distribution and marketing strategies to marketers, and provide content publishers with a portfolio of products based on the interests of content subscribers.



## Our Strengths and Barriers

### *(I) Rapid Development of Industry*

The businesses that the Group is engaged in possess broad prospects in both domestic and overseas short video interest-based e-commerce industry and mobile new media social industry, which are developing in a flourishing manner and have the potential to maintain long-term rapid development. In particular, the successful application of interest-based recommendation technology based on data and algorithms provides high-quality scenarios for the direct-to-consumer (“**DTC**”) marketing and promotion on short video platforms and mobile social platforms to boost user consumption.

- Currently, the development of short video interest-based e-commerce is flourishing in China in various forms, including live streaming e-commerce and short video e-commerce, which are increasingly popular among users and have become the fastest growing online consumption scenario. Major short video platforms are also improving their infrastructures and functions to promote the commercialization of the platform;
- Overseas interest-based e-commerce platforms, represented by TikTok, have accumulated a large number of users and diversified contents. Currently it is still in the early stage of commercialization and has huge market potentials and customer needs; and
- The mobile new media social platforms are focusing on the video-oriented transformation to improve the proportion of video contents and establish commercialization systems applicable to video contents.

From the perspective of marketers, the development of mobile internet technology provides a foundation for online sales or distribution to charge on performance basis, direct to consumer (“**DTC**”), and help customers secure new users and sales orders. Therefore, the marketing and promotion model adopting performance indicators, including cost per sale (“**CPS**”) and cost per action (“**CPA**”), is increasing favored by more and more marketers.

## ***(II) The Platform Evolution Provides Historical Opportunities to Cross-platform Ecological Service Companies***

Under the backdrop of response of the internet industry to the national anti-monopoly supervision, it is becoming the trend for internet platform companies to strengthen business integration, be more open and break manmade barriers. Under this trend, the internet platforms will delegate more business opportunities to partners to strengthen cross-platform cooperation in the form of using third party services, replacing enclosed business system with ecological construction.

The evolution trend of internet platform companies provides unprecedented opportunities to the ecological service companies such as the Group. In addition, as a result of absence of exclusive cooperation relationship as an agency with a certain platform, the Group will have opportunities to leverage its experience and capacity of cross-platform services in the business integration among platforms, thus further enabling it to meet the ecological development strategy and business needs.

## ***(III) Advantages and Barriers of the Direct to Consumer (“DTC”) Based on Cost per Sale (CPS) Model***

The Group does not provide services based on the marketing budget of marketers. The characteristics of the Group in the business model are to carry out close cooperation with marketers with cost per sale (CPS) model. Under this model, the Group has no need to obtain the marketing budget of marketers in advance. Instead, the Group helps marketers handle their concerns and needs for direct to consumer (“DTC”) to acquire new customers and sales orders through our service and technology capacity, and then conducts settlement with marketers pursuant to performance indicators such as transaction turnover. This not only satisfies marketers’ basic marketing pursuit to lower the marketing entrance but also improves the return on investment of marketing activities.

The success of cost per sale (CPS) model mainly attributes to the realization of sufficient sales volume to cover the costs relating to data, model algorithm and traffic, which depends on the long-term research and development investment and the optimization of model algorithm and the profound understanding of commercialization products and traffic.

#### ***(IV) First-mover Advantages and Barriers of Data and Model Algorithm***

The Group started to conduct the research and development of data and model algorithm in the WeChat official accounts platform as early as in 2013 and did the same in Douyin platform since 2018. As a result of such first-mover advantages, we have industry-leading data scale and data time dimension. Data accumulation has a decisive impact on model construction and model effectiveness, which has also built a competitive barrier for the Group's leading position in the industry. Richly-structured, large-scale, time-spanning and real-time interactive data helps us better test, build and improve our algorithm models, and protect our marketing performance and improve our services continuously.

The Group is actively making layout of overseas interest e-commerce marketing business targeted to TikTok. Based on our experience in the domestic mobile new media commercial monetization business, we realized the importance of accumulation of data and model algorithm in the overseas interest e-commerce platform and have carried out relevant work. The capacity in model algorithm we have accumulated will provide valuable experience for us to carry out overseas interest e-commerce marketing business.

#### ***(V) Synergy Strengths of SSP service and DSP service***

As two mutually supportive components of the Group's business segments, our SSP service and DSP service form an organic entity, which together create a positive and interactive growth cycle of product library, traffic pool and model effect.

#### ***(VI) Service Capabilities of Cross-platform, Multi-product and Performance-based charging***

From the perspective of marketers, the Group has the ability to distribute products for marketers across platforms, which enables us to satisfy the needs of multi-channel marketing promotion. From the perspective of mobile media content publishers, our product library contains a variety of products, including interactive online entertainment, online tools, consumer goods and other categories, which are in line with the requirements of laws and regulations, with high commercialization value that can provide better monetization results for content publishers.

#### ***(VII) License Advantages and Barriers***

In addition to possessing the national high-new technology enterprise qualification and Zhongguancun high-new technology enterprise qualification, the Group also obtained the Internet Culture Operation License (網絡文化經營許可證), which allows us to legally operate online cultural businesses such as games, e-commerce, online literature and live broadcasting, and acquire publishing, cooperating and distribution revenue on the basis of marketing effects.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

- ***Overview of Results for the First Half of 2021***

The Group has achieved revenue of HK\$624.33 million in the first half of 2021, representing an increase of 62.37% as compared with HK\$384.51 million in the first half of 2020. Such increase was mainly due to the fact that with high demand in the mobile new media performance-based marketing, the Group took full advantage of its first-mover advantages in data accumulation and algorithm model construction and the synergy strengths of SSP and DSP to increase the number and average trading volume of active marketing points through its service capabilities of cross-platform, multi-products and performance-based charging, promoting the Group's trading volume of matched consumption, especially the significant increase in the trading volume of e-commerce product. As such, the revenue of the Group generated mainly based on cost per sale (CPS) model increased.

The Group has achieved gross profit of HK\$214.07 million in the first half of 2021, representing an increase of 105.15% as compared with HK\$104.35 million in the first half of 2020. Gross profit margin increased from 27.14% in the first half of 2020 to 34.29% in the first half of 2021. The increase in gross profit margin was mainly attributable to (i) the steady increase of gross profit margin of interactive entertainment and other digital product businesses; and (ii) the increasing percentage of short-form video e-commerce marketing business with higher gross profit margin.

- ***Progress of Business for the First Half of 2021***

- ***Performance-based Marketing Services***

The marketers and the number of their products in the Group's performance-based marketing services have significantly increased in the first half of 2021. As at June 30, 2021, the Group's performance-based marketing services covered approximately 23 industries, amounting up to 308 marketers.

- Interactive Entertainment and Other Digital Product Performance-based Marketing Services

There were up to 236 game products recorded in the Group's product library as at June 30, 2021, an addition of 27 game products as compared with that as of December 31, 2020. Online literature products amounted to 1,302 books, increasing 191 books as compared with that as of December 31, 2020.

In the first half of 2021, the Group recorded revenue of HK\$495.12 million from interactive entertainment and other digital product performance-based marketing services, representing an increase of 41.61% as compared with HK\$349.64 million of the same period last year, of which the game products realized revenue of HK\$382.30 million, representing an increase of 63.80% as compared with HK\$233.40 million in the first half of 2020; online literature products realized revenue of HK\$67.32 million, representing a decrease of 23.41% as compared with HK\$87.90 million in the first half of 2020; apps and other products realized revenue of HK\$45.50 million, representing an increase of 60.55% as compared with HK\$28.34 million in the first half of 2020.

- E-Commerce Product Performance-based Marketing Services

The e-commerce consumer goods included in the Group's product library were up to 231 types as at June 30, 2021, an addition of 48 types as compared with 183 types as of December 31, 2020.

In the first half of 2021, the e-commerce product GMV of HK\$647.18 million was achieved through the Group's performance-based marketing services, representing an increase of 264.08% as compared with HK\$177.76 million in the first half of 2020. As the revenue from the Group's e-commerce product performance-based marketing services was recognized on a net basis, revenue of HK\$129.21 million was recorded in the first half of 2021, representing 3.85 times of HK\$33.54 million in the first half of 2020.

- *Progress on Research & Development*

The Group recorded research and development expenses of HK\$29.90 million in the first half of 2021, representing an increase of 712.50% as compared with HK\$3.68 million in the first half of 2020.

The Group is committed to establishing competitive advantage on model algorithm-based big data. The data models based on various product categories amounted to 169 sets as of June 30, 2021, representing an increase of 14.19% as compared with 148 sets as of December 31, 2020. Data labels adopted by intelligent recommendation coupling model was 2,447, representing an increase of 27.25% as compared with 1,923 labels as of December 31, 2020. The expansion of data scale and enhancement of algorithm capability have made a solid foundation for the improvement of the Company's marketing business and further increasing the number of marketers and marketing SaaS customers.

## Strategic Layout for the Second Half of 2021 and in the Future

- ***Vigorous Expansion of Overseas Interest E-Commerce Business based on Short-Form Video Content***

The Group regards the overseas interest e-commerce marketing business based on short-form video content as one of its future strategic development priorities, and has started to establish relevant business system. Based on the operating characteristics and market environment of overseas mobile new media, we have built a new technical model and service system to expand interest e-commerce marketing business on overseas platforms that have huge numbers of active users in overseas, including but not limited to TikTok. We will strive to create a closed-loop business suitable for the local market from various links such as organization of supply resources, new media content and traffic, data analysis, matching transactions and logistics, and apply the “matching consumption” marketing model based on data algorithm and interest recommendation to overseas market. The first batch of the Group’s business is in Southeast Asian countries, and will gradually expand to other countries and regions in the fullness of time.

- ***Multi-Channel Layout of 1P (1<sup>st</sup>-party) Traffic***

As one of the Group’s strategic development priorities, we are committed to cultivating 1P content and traffic through multiple channels to enhance the Group’s customer service capabilities and profitability. We will continue to cultivate new media accounts, 1P content and traffic that have in-depth cooperation with the Group by means of strategic alliance, investment and incubation, and provide tailor-made new media content for the Group’s customers to improve consumption conversion and further reduce the traffic cost. 1P content and traffic will (i) help the Group to develop such mobile new media marketing business as e-commerce and interactive entertainment; and (ii) help the Group to deeply integrate data algorithm capabilities with mobile new media cultural content in response to the Chinese government’s call of “prosperity and development of culture in the new era” (新時代文化繁榮發展), so as to promote the integration and innovative development of the cultural industry and new network media.

- ***Continuous Optimization of Data Algorithm Platform and Maintain R&D Investments***

As a technology company that provides cross-platform performance-based marketing services and promotes social consumption through data analysis and algorithm capabilities, the Group will continue to optimize the automatic transaction matching system and technology platform to realize accurate analysis of products and mobile new media content and information structured processing, and promote precise matching transaction of customer products and mobile new media content traffic. We will consolidate our core technical capabilities, continuously improve our technological capabilities and service levels, fully release the potential of data assets, accelerate the construction of solid business barriers, and help our business development with innovative and quality services in a long run to further strengthen our leading position in the industry.

As the Group explores new overseas business markets for its international development, we will continue to invest R&D resources in data analysis and algorithm modeling of overseas mobile new media (such as TikTok) video content, and strive to develop first-mover advantages and technical advantages in overseas mobile new media performance-based marketing, including interest e-commerce marketing and interactive entertainment marketing.

## Financial Review

### Revenue

For the six months ended June 30, 2021, the revenue of the Group amounted to approximately HK\$624.33 million, representing an increase of 62.37% as compared with approximately HK\$384.51 million for the six months ended June 30, 2020. Such increase was mainly due to the fact that with high demand in the mobile new media performance-based marketing, the Group took full advantage of its first-mover advantages in data accumulation and algorithm model construction and the synergy strengths of SSP and DSP to increase the number and average trading volume of active marketing points through its service capabilities of cross-platform, multi-products and performance-based charging, promoting the Group's trading volume of matched consumption, especially the significant increase in the trading volume of e-commerce product. As such, the revenue of the Group generated mainly based on cost per sale (CPS) model increased.

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

	<b>For the six months ended June 30</b>			
	<b>2021</b>	<b>Percentage (%)</b>	<b>2020</b>	<b>Percentage (%)</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<i>(HK\$ million, except for percentages)</i>			
			<i>(Restated)</i>	
			<i>(Note 1 to the condensed consolidated financial statements)</i>	
<b>Marketing revenue from interactive entertainment and other digital products</b>	<b>495.12</b>	<b>79.30%</b>	349.64	90.93%
Games	<b>382.30</b>	<b>61.23%</b>	233.40	60.70%
Online literature	<b>67.32</b>	<b>10.78%</b>	87.90	22.86%
Apps and others	<b>45.50</b>	<b>7.29%</b>	28.34	7.37%
<b>Marketing revenue from e-commerce products</b>	<b>129.21</b>	<b>20.70%</b>	33.54	8.72%
<b>Revenue from other products<sup>(1)</sup></b>	<b>–</b>	<b>–</b>	1.33	0.35%
<b>Total revenue</b>	<b>624.33</b>	<b>100.00%</b>	384.51	100.00%

Note:

- (1) Revenue from other products mainly refers to non-performance-based marketing campaigns we provided to customers.



## Cost of Revenue

For the six months ended June 30, 2021, the cost of revenue of the Group amounted to approximately HK\$410.26 million, representing an increase of 46.44% as compared with approximately HK\$280.16 million for the six months ended June 30, 2020. The cost of revenue was mainly comprised of purchase cost of traffic on project placement platform. The increase in cost of revenue was primarily attributable to higher purchase cost of traffic arising from the increase in revenue.

## Gross Profit and Gross Profit Margin

For the six months ended June 30, 2021, the gross profit of the Group amounted to approximately HK\$214.07 million, representing an increase of 105.15% as compared with approximately HK\$104.35 million for the six months ended June 30, 2020.

For the six months ended June 30, 2021, the gross profit margin of the Group was 34.29%, representing an increase of 7.15 percentage points as compared with 27.14% for the six months ended June 30, 2020. The increase in gross profit margin was mainly attributable to (i) the steady increase of the gross profit margin of interactive entertainment and other digital product businesses; and (ii) the increasing percentage of short-form video e-commerce marketing business with higher gross profit margin.

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

	For the six months ended June 30			
	2021	Percentage (%)	2020	Percentage (%)
	(Unaudited)		(Unaudited)	
	(HK\$ million, except for percentages)			
			(Restated)	
			(Note 1 to the condensed consolidated financial statements)	
<b>Marketing gross profit from interactive entertainment and other digital products</b>	<b>148.79</b>	<b>69.51%</b>	77.26	74.04%
Games	100.33	46.87%	50.95	48.83%
Online literature	24.27	11.34%	20.62	19.76%
Apps and others	24.19	11.30%	5.69	5.45%
<b>Marketing gross profit from e-commerce products</b>	<b>65.28</b>	<b>30.49%</b>	26.83	25.71%
<b>Gross profit from other products<sup>(1)</sup></b>	<b>–</b>	<b>–</b>	0.26	0.25%
<b>Total gross profit</b>	<b>214.07</b>	<b>100.00%</b>	104.35	100.00%

Note:

- (1) Gross profit from other products mainly refers to non-performance-based marketing campaigns we provided to customers.

### ***Other Income***

The other income of the Group increased by 128.82% from approximately HK\$2.29 million for the six months ended June 30, 2020 to approximately HK\$5.24 million for the six months ended June 30, 2021, mainly due to (i) the amount of government grants increased by HK\$1.08 million as compared with that of the same period last year; and (ii) the interest income on bank deposits increased by HK\$1.90 million as compared with that of the same period last year.

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

During the Reporting Period, the other gains and losses of the Group were losses of approximately HK\$30.70 million, and the losses were approximately HK\$0.22 million for the six months ended June 30, 2020, which was mainly due to the increase in exchange translation loss of HK\$29.75 million arising from the decline in the exchange rate of HK\$ against RMB.

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

The distribution and selling expenses of the Group primarily consist of (i) marketing expenses; (ii) staff costs; (iii) business trip expenses; and (iv) other expenses.

For the six months ended June 30, 2021, the distribution and selling expenses of the Group amounted to approximately HK\$24.25 million, representing a substantial increase as compared with approximately HK\$1.47 million of the same period last year, which was mainly due to the increase in selling promotion related expenses of the Group's domestic e-commerce business during the current period.

### ***Administrative Expenses***

The administrative expenses of the Group primarily consist of (i) amortization and depreciation; (ii) staff costs; (iii) business trip and entertainment expenses; (iv) professional service fees; (v) taxes and surcharges; (vi) rental expenses; and (vii) office-related expenses.

For the six months ended June 30, 2021, the administrative expenses of the Group amounted to approximately HK\$25.55 million, representing an increase of 156.78% as compared with approximately HK\$9.95 million of the same period last year, which was mainly due to (i) the increase in staff costs and professional service fees with business expansion upon the Group's successful listing in September last year; and (ii) the significant increase in amortization and depreciation and office-related expenses as compared with that of the same period last year.

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

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

For the six months ended June 30, 2021, the research and development expenses of the Group amounted to approximately HK\$29.90 million, representing an increase of 712.50% as compared with approximately HK\$3.68 million of the same period last year, which was mainly due to the increased investment in research and development for data analysis and algorithm modeling with rapid expansion of the Group's business scale.

### ***Finance costs***

For the six months ended June 30, 2021, 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.

### ***Profit for the Reporting Period***

As a result of the foregoing, the Group's profit for the period increased by 58.39% from HK\$67.82 million for the six months ended June 30, 2020 to HK\$107.42 million for the Reporting Period.

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

The Group had trade and other receivables and deposits of HK\$335.14 million and HK\$410.04 million as at December 31, 2020 and June 30, 2021, respectively.

As at June 30, 2021, the balance of trade receivables of the Group amounted to HK\$396.01 million, representing an increase of 23.41% as compared with HK\$320.88 million as at December 31, 2020, which was mainly attributable to higher trade receivables due to significant increase in revenue from e-commerce product marketing business during the 618 shopping festival in 2021 as compared with last year.

Other receivables and deposits are employee petty cash expenses, rental deposits, deposits to suppliers, etc. As at June 30, 2021, the balance of other receivables and deposits of the Group amounted to HK\$14.03 million, with no material change as compared with HK\$14.26 million as at December 31, 2020.

### ***Loan Receivables***

The Group had loan receivables of HK\$37.43 million and HK\$18.03 million as at December 31, 2020 and June 30, 2021, respectively. The decrease was primarily attributable to the receipt of certain loan receivables.

### ***Prepayments***

The Group had prepayments of HK\$610.85 million and HK\$942.22 million as at December 31, 2020 and June 30, 2021, respectively, which consist of the prepayments purchases of traffic and other prepayments. The increase in the Group's prepayments was primarily attributable to the increase in purchase of prepaid traffic on an overseas short-video platform to satisfy the Group's domestic and overseas business development needs, as well as negotiating a better pricing policy of procurement.

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

The Group had equity instruments at fair value through other comprehensive income of HK\$37.86 million and HK\$38.37 million as at December 31, 2020 and June 30, 2021, respectively, with no material change.

### ***Bank Balances and Cash***

The Group had bank balances and cash of HK\$1,210.45 million and HK\$901.72 million as at December 31, 2020 and June 30, 2021, respectively. The decrease was due to the expansion of the business scale, which was used to purchase of traffic on project placement platform.

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

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

The trade payables of the Group increased by 151.40% from HK\$11.75 million as at December 31, 2020 to HK\$29.54 million as at June 30, 2021, which was mainly attributable to the increase in payables for traffic purchase with expansion of the Group's business scale.

The other payables of the Group decreased by 21.18% from HK\$87.34 million as at December 31, 2020 to HK\$68.84 million as at June 30, 2021, which was mainly attributable to the settlement of listing expenses and share issuance expenses of HK\$17.82 million.

### ***Lease Liabilities***

The lease liabilities of the Group decreased from HK\$21.04 million as at December 31, 2020 to HK\$20.27 million as at June 30, 2021, which was attributable to payment of lease expenses and new leased properties.

## ***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 June 30</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<i>HK\$ million</i>	
		<i>(Restated)</i>
		<i>(Note 1 to the condensed consolidated financial statements)</i>
Net cash used in operating activities	<b>(244.66)</b>	(68.57)
Net cash (used in)/from investing activities	<b>(0.61)</b>	28.34
Net cash used in financing activities	<b>(52.71)</b>	(5.26)
Net decrease in cash and cash equivalents	<b>(297.98)</b>	(45.49)
Cash and cash equivalents at the beginning of the period	<b>1,210.45</b>	146.79
Effect of foreign exchange rate changes	<b>(10.75)</b>	(0.04)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	<b><u>901.72</u></b>	<u>101.26</u>

As at June 30, 2021, 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 to customers. Our cash outflow from operating activities mainly consist of purchase cost of traffic, distribution and selling expenses, research and development expenses, and administrative expenses.

For the six months ended June 30, 2021, our net cash used in operating activities was HK\$244.66 million (for the six months ended June 30, 2020: HK\$68.57 million), an increase of HK\$176.09 million on a year-on-year basis, which was mainly due to the significant increase of the business volume and accordingly the increased trade receivables and prepayments in the first half of 2021 over the same period last year.

### ***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, grant and recovery of loan receivables.

For the six months ended June 30, 2021, our net cash used in investing activities was HK\$0.61 million (for the six months ended June 30, 2020: net cash generated from investing activities of HK\$28.34 million), which was mainly due to purchase of fixed assets and financial assets at fair value through profit or loss, and recovery of certain loan receivables.

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

For the six months ended June 30, 2021, our net cash used in financing activities was HK\$52.71 million (for the six months ended June 30, 2020: HK\$5.26 million), an increase of HK\$47.45 million on a year-on-year basis, which was mainly due to (i) approximately HK\$35.36 million was used in the purchase of shares under the Share Award Scheme; and (ii) the increase in settlement of the related expenses of listing and issuance of shares of approximately HK\$9.50 million.

### ***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 June 30</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>HK\$ million</i>	
		<i>(Restated)</i>
		<i>(Note 1 to the condensed consolidated financial statements)</i>
Fixed assets	<b>14.02</b>	4.29
Right-of-use assets	<b>1.56</b>	—
Intangible assets	<b>—</b>	2.21
	<hr/>	<hr/>
Total	<b>15.58</b>	6.50
	<hr/> <hr/>	<hr/> <hr/>



## ***Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associated Company***

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

## ***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**”), 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 4 to the condensed consolidated financial statements.

## ***Indebtedness***

### ***Bank Borrowings***

As at June 30, 2021, the Group did not have any bank borrowings.

## ***Contingent Liabilities, Charges of Assets and Guarantees***

### ***Contingent Liabilities***

As at June 30, 2021, 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, 2021, 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, 2021, the gearing ratio of the Group was 5.07% (as at December 31, 2020: 5.34%).

### ***Current Ratio***

Current ratio represents current assets divided by current liabilities. Current ratio increased from 20.63 times as of December 31, 2020 to 21.11 times as of June 30, 2021.

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

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. The Group has bank balances denominated in United States dollars and HK\$, exposing the Group to foreign exchange risk. The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. The Group will closely monitor the situation and take particular measures when necessary to ensure that foreign currency risk is under control.

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

As at June 30, 2021, the Group had 79 full-time employees in the PRC and overseas (as at December 31, 2020: 73 full-time employees), the majority of whom were based in the PRC. As of June 30, 2021, over 75.95% of our employees was in the positions of research and development, technical and operation.

In term of employee benefits and security, the Group complies with the minimum working age and minimum wage prescribed by law and provides employees with five national statutory social insurances in accordance with the Beijing Social Insurance Ordinance (《北京市社會保險條例》). The Group strictly guarantees that employees have their rights to various holidays, such as public holidays, paid annual leave, sick leave, wedding leave and maternity leave. Additionally, the Group also provides employees with employee accident insurance, reimbursement of transportation expenses for overtime and other benefits and safeguard measures. Moreover, we organize team building quarterly and physical examinations annually for our employees.

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

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

## **Events after the Reporting Period**

### ***Change of Company Name***

The English name of the Company has changed from “Joy Spreader Interactive Technology. Ltd” to “Joy Spreader Group Inc.” and the Chinese name “樂享集團有限公司” has been adopted as the new dual foreign name of the Company to replace its existing Chinese name “乐享互动有限公司” with effect from July 7, 2021.

### ***Change of Stock Short Name***

The English stock short name of the Company for trading in the shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) remains unchanged as “JOY SPREADER”, but the Chinese stock short name has been changed from “樂享互動” to “樂享集團”, with effect from 9:00 a.m. on August 5, 2021. The stock code of the Company on the Stock Exchange remains unchanged as “6988”.

### ***Change of Company Website and Contact Information***

The official website of the Company has been changed from “www.adjoy.com.cn” to “www.joyspreader.com” from August 5, 2021. Due to the changes of the name of the Company and the website of the Company, the email address of the Company for investors’ communications has been synchronously changed from the original email address of investment@adjoy.com.cn to investment@joyspreader.com. The telephone number and facsimile number have been changed to (86)10-87726988 and (86)10-84775189, respectively. The above updated email address, the telephone number and facsimile number of the Company has been put into use from August 2, 2021.

Save as disclosed above, there are no material events that affected the Group and occurred after the six months ended June 30, 2021.

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

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Revenue	4	624,332	384,507
Cost of revenue		(410,261)	(280,155)
Gross profit		214,071	104,352
Other income		5,235	2,286
Other gains and losses	5	(30,695)	(222)
Impairment losses under expected credit loss model, net of reversal		(698)	(12,509)
Distribution and selling expenses		(24,248)	(1,471)
Administrative expenses		(25,550)	(9,948)
Research and development expenses		(29,902)	(3,675)
Listing expenses		–	(7,116)
Finance costs		(552)	(320)
Profit before taxation		107,661	71,377
Income tax expense	6	(240)	(3,555)
Profit for the period attributable to owners of the Company		<u>107,421</u>	<u>67,822</u>
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		25,102	(9,268)
Fair value gain on equity instruments at fair value through other comprehensive income		71	11
Income tax relating to item that will not be reclassified		(11)	(2)
Other comprehensive income (expense) for the period, net of income tax		<u>25,162</u>	<u>(9,259)</u>
Total comprehensive income for the period attributable to owners of the Company		<u>132,583</u>	<u>58,563</u>
Basic and diluted earnings per share (HK cents)	8	<u>4.92</u>	<u>4.16</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 <b>HK\$'000</b> (Unaudited)	As at 31 December 2020 <b>HK\$'000</b> (Audited)
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>32,849</b>	20,173
Right-of-use assets		<b>15,840</b>	18,732
Intangible assets		<b>7,397</b>	8,722
Deferred tax assets		<b>1,297</b>	1,300
Other deposits	9	<b>2,823</b>	2,791
Equity instruments at fair value through other comprehensive income		<b>38,367</b>	37,862
		<b>98,573</b>	89,580
<b>CURRENT ASSETS</b>			
Trade and other receivables and deposits	9	<b>407,217</b>	332,345
Loan receivables		<b>18,027</b>	37,427
Prepayments	10	<b>942,222</b>	610,854
Financial assets at fair value through profit or loss		<b>8,875</b>	–
Bank balances and cash		<b>901,720</b>	1,210,447
		<b>2,278,061</b>	2,191,073
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	<b>98,376</b>	99,090
Lease liabilities		<b>7,713</b>	6,152
Income tax payable		<b>1,810</b>	986
		<b>107,899</b>	106,228
<b>NET CURRENT ASSETS</b>		<b>2,170,162</b>	2,084,845
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,268,735</b>	2,174,425

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 <b>HK\$'000</b> (Unaudited)	As at 31 December 2020 <b>HK\$'000</b> (Audited)
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Lease liabilities		12,553	14,890
Deferred tax liabilities		—	573
		<u>12,553</u>	<u>15,463</u>
NET ASSETS		<u>2,256,182</u>	<u>2,158,962</u>
CAPITAL AND RESERVES			
Share capital	12	22	22
Reserves		<u>2,256,160</u>	<u>2,158,940</u>
TOTAL EQUITY		<u>2,256,182</u>	<u>2,158,962</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital HK\$'000	Treasury stocks HK\$'000 (Note)	Capital reserve HK\$'000	Fair value through other comprehensive income reserve HK\$'000	Statutory reserve funds HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2021 (Audited)	22	-	1,745,119	21,073	33,034	78,130	281,584	2,158,962
Profit for the period	-	-	-	-	-	-	107,421	107,421
Changes in fair value of equity instruments	-	-	-	60	-	-	-	60
Exchange difference on translation	-	-	-	-	-	25,102	-	25,102
Profit and total comprehensive income for the period	-	-	-	60	-	25,102	107,421	132,583
Purchase of shares under Share Award Scheme (note)	-	(35,363)	-	-	-	-	-	(35,363)
Appropriation of statutory reserve funds	-	-	-	-	134,015	-	(134,015)	-
At 30 June 2021 (Unaudited)	<u>22</u>	<u>(35,363)</u>	<u>1,745,119</u>	<u>21,133</u>	<u>167,049</u>	<u>103,232</u>	<u>254,990</u>	<u>2,256,182</u>
At 1 January 2020 (Audited) (Restated)	16	-	289,741	3,735	19,790	(19,957)	156,149	449,474
Profit for the period (Restated)	-	-	-	-	-	-	67,822	67,822
Changes in fair value of equity instruments (Restated)	-	-	-	9	-	-	-	9
Exchange difference on translation (Restated)	-	-	-	-	-	(9,268)	-	(9,268)
Profit and total comprehensive income (expense) for the period (Restated)	-	-	-	9	-	(9,268)	67,822	58,563
At 30 June 2020 (Unaudited) (Restated)	<u>16</u>	<u>-</u>	<u>289,741</u>	<u>3,744</u>	<u>19,790</u>	<u>(29,225)</u>	<u>223,971</u>	<u>508,037</u>

Note:

The Company has adopted a share award scheme pursuant to the board of directors (the “**Board**”) resolution of the Company dated 21 June 2021. Details of which are set out in note 13.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<i>(Restated)</i>
Net cash used in operating activities	<u>(244,658)</u>	<u>(68,570)</u>
Net cash (used in)/from investing activities	<u>(611)</u>	<u>28,345</u>
Net cash used in financing activities	<u>(52,713)</u>	<u>(5,264)</u>
Net decrease in cash and cash equivalents	<b>(297,982)</b>	(45,489)
Cash and cash equivalents at beginning of the period	<b>1,210,447</b>	146,787
Effect of foreign exchange rate changes	<u>(10,745)</u>	<u>(42)</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u><b>901,720</b></u>	<u>101,256</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*

## 1. GENERAL INFORMATION

Joy Spreader Group Inc. (formerly known as Joy Spreader Interactive Technology. Ltd) (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**”). The address of the Company’s registered office is located at the office of Sertus Incorporations (Cayman) Limited, Sertus Chambers Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue P.O. Box 2547, Grand Cayman KY1-1104, Cayman Islands. The Company’s principal place of business is located at the People’s Republic of China (the “**PRC**”). The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are provision of digital marketing business and the relevant services.

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

The ultimate holding company and immediate holding company of the Company are ZZN. Ltd. and Laurence mate. Ltd., 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**”). The directors of the Company (the “**Directors**”) adopted HK\$ as presentation currency. For facilitating the reading of the consolidated financial statements of the Company by users and in view of the Group’s future internationalization strategy, the presentation currency of the Company was changed from RMB to HK\$ during the last year, as the Company’s shares are listed on the Stock Exchange in September 2020. The comparative information has been restated to reflect the change in presentation currency to HK\$ accordingly.

## 2. BASIS OF PREPARATION

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

## 3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2020.

### 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 annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current 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 AND SEGMENTAL INFORMATION

The Group is engaged in the provision of performance-based we-media marketing services for various types of products (including mobile applications, mobile games, online literature, branding and activities, etc.). Performance-based we-media promotion refers to the form of promotion which is displayed on we-media, which are mainly online accounts registered by their users having the traffic to publish internet content (including text, pictures, audio or games or video contents) to the public. The Group normally acquires the traffic of different online platforms from the suppliers (which are we-media publishers including WeChat official accounts and information flow platforms) and places the internet content provided by the Customers in the appropriate we-media platforms (such as WeChat) which can target the interests of their subscribers.

#### **Disaggregation of revenue by the type of products promoted**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
Interactive entertainment and other digital products marketing	<b>495,124</b>	349,634
E-commerce products marketing	<b>129,208</b>	33,539
Other products	<b>–</b>	1,334
	<b>624,332</b>	<b>384,507</b>
<b>Timing of revenue recognition</b>		
A point in time	<b>624,332</b>	<b>384,507</b>

#### 4. REVENUE AND SEGMENTAL INFORMATION – CONTINUED

##### Segment information

The Group has been operating in one reporting segment, being the performance-based we-media marketing service.

For the purpose of resources allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented. In this regard, no segment information is presented.

##### Geographical information

The Group is located in the PRC and all of the Group's revenue is generated from contracts with Customers in the PRC based on where services are rendered, and all of the Group's non-current assets are located in the PRC. Thus, no geographical information is presented.

#### 5. OTHER GAINS AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>
Loss on disposal of property, plant and equipment, net	–	22
Foreign exchange losses, net	<b>29,753</b>	–
Gain from changes in fair value of financial assets at fair value through profit or loss	<b>(303)</b>	–
Others	<b>1,245</b>	200
	<b>30,695</b>	<b>222</b>

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Current tax:		
PRC Enterprise Income Tax	811	3,588
Deferred tax	(571)	(33)
	<u>240</u>	<u>3,555</u>

## 7. DIVIDENDS

No dividend were paid, declared or proposed during the interim period (six months ended 30 June 2020: nil). The Directors have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2020: nil).

## 8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Profit for the period attributable to owners of the Company	107,421	67,822
Basic earnings per share (HK cents)	<u>4.92</u>	<u>4.16</u>

### Number of shares

	Six months ended 30 June	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,185,042</u>	<u>1,631,263</u>

## 8. EARNINGS PER SHARE – CONTINUED

The number of ordinary shares for the purposes of calculating basic earnings per share for the last interim period has been adjusted for the effect of the Share Subdivision as explained in note 12 (note a).

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the current interim period has been arrived at after deducting shares held by share award scheme trust as set out in note 13.

During the six months ended 30 June 2021 and 2020, there was no potential ordinary share outstanding with diluted impact.

## 9. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables	396,008	320,874
Other receivables and deposits	14,032	14,262
	<u>410,040</u>	<u>335,136</u>
Total trade and other receivables and deposits	<u><u>410,040</u></u>	<u><u>335,136</u></u>
Analysis as		
Non-current	2,823	2,791
Current	407,217	332,345
	<u>410,040</u>	<u>335,136</u>
	<u><u>410,040</u></u>	<u><u>335,136</u></u>

The Group usually allows a credit period of 90 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 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Within 3 months	297,371	264,444
3-6 months	92,677	53,244
7-12 months	5,960	3,186
	<u>396,008</u>	<u>320,874</u>
	<u><u>396,008</u></u>	<u><u>320,874</u></u>

## 10. PREPAYMENTS

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Prepayments for purchases of traffic	934,554	609,369
Other prepayments	7,668	1,485
	<u>942,222</u>	<u>610,854</u>

## 11. TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Trade payables	29,540	11,748
Employee compensation payable	9,187	8,799
Other tax payable	3,983	18,766
Accrued listing expense/share issue costs	34,691	52,513
Deposits received from Customers	2,404	2,376
Other payables and accruals	18,571	4,888
	<u>98,376</u>	<u>99,090</u>

## 11. TRADE AND OTHER PAYABLES – CONTINUED

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Within 3 months	22,592	5,555
3-6 months	4,963	2,469
7-12 months	1,985	2,218
1-2 years	–	1,506
	<u>29,540</u>	<u>11,748</u>

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

## 12. SHARE CAPITAL

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.001 each Authorised At 1 January 2020, 30 June 2020	<u>50,000,000</u>	<u>50,000</u>
Share subdivision into HK\$0.00001 each ( <i>Note a</i> )	<u>4,950,000,000</u>	<u>–</u>
At 31 December 2020, 30 June 2021	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid At 1 January 2020, 30 June 2020	<u>16,312,632</u>	<u>16,313</u>
Share subdivision ( <i>Note a</i> )	1,614,950,568	–
Issue of shares on 23 September 2020 ( <i>Note b</i> )	543,700,000	5,437
Issue of shares on 28 October 2020 ( <i>Note c</i> )	<u>10,305,000</u>	<u>103</u>
At 31 December 2020	<u>2,185,268,200</u>	<u>21,853</u>
Shares repurchased ( <i>note 13</i> )	<u>(11,495,000)</u>	<u>–</u>
At 30 June 2021	<u>2,173,773,200</u>	<u>21,853</u>



## 12. SHARE CAPITAL – CONTINUED

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Presented as	<u>22</u>	<u>22</u>

### Notes:

- a. On 26 August 2020, a written resolution was passed by the shareholders of the Company to approve the subdivision of each share of the Company's issued and unissued share capital with par value of HK\$0.001 each into 100 shares of the corresponding class with par value of HK\$0.00001 each before the listing of the shares of the Company on the Main Board of the Stock Exchange on September 23, 2020 (the "**Listing**") (the "**Share Subdivision**"). According to the Share Subdivision, 1,614,950,568 shares were issued to existing shareholders of the Company in proportion to their shareholding in the Company before the Listing.
- b. On 23 September 2020, 543,700,000 ordinary shares of the Company of HK\$0.00001 each were issued at a price of HK\$2.88 per share in connection with the Listing, raising a total gross proceed of HK\$1,565,856,000.
- c. On 28 October 2020, the Company elected to allot and issue a further 10,305,000 ordinary shares of HK\$0.00001 each at a price of HK\$2.88, raising a total gross proceed of HK\$29,678,400.

## 13. SHARE BASED PAYMENT TRANSACTIONS

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

Pursuant to the Share Award Scheme, the Company had contracted with a trustee (the "**Trustee**") to establish a trust (the "**Trust**") on 21 June 2021. The Board 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 2021, the Trustee purchased a total of 11,495,000 shares of the Company with a consideration of HK\$35,363,000. The cost of the shares purchased was recognised in equity as treasury stocks. During the six months ended 30 June 2021, no participant was selected as the Selected Participants, thus no share had been granted and 11,495,000 shares of the Company were held by the Trustee as at 30 June 2021.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code for the six months ended June 30, 2021, except for a deviation from the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company are not separate and are both performed by Mr. Zhu Zinan. In view of Mr. Zhu’s experience, personal profile and his roles in the Group and that Mr. Zhu has assumed the role of chief executive officer of our Group since its establishment, the Board considers it beneficial to the business prospect and operational efficiency of our Group for Mr. Zhu acting as the chairman of the Board and continuing to act as the chief executive officer of the Company. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors, and we believe that there is sufficient check and balance in the Board; (ii) Mr. Zhu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary. Directors strive to achieve a high standard of corporate governance (which is of critical importance to our development) to protect the interest of shareholders.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiries of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines for the six months ended June 30, 2021. No incident of non-compliance of the Written Guidelines 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. After deducting underwriting fees, commissions and related expenses payable by the Company, the Company obtained the net proceeds from the Global Offering amounted to HK\$1,498.83 million (including the net proceeds from partial exercise of the over-allotment option). The utilization of proceeds from the Listing of the Group as of June 30, 2021 is analyzed as follows:

Intended applications of net proceeds as stated in the Prospectus	Net proceeds (including net proceeds from the exercise of over-allotment option) (HK\$ million)	Approximate percentage of net proceeds (%)	Net proceeds utilized as of June 30, 2021 (HK\$ million)	Unutilized net proceeds as of June 30, 2021 (HK\$ million)	Expected timeframe for unutilized net proceeds
<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%	416.52	94.59	over the next four years
(2) Will be used to expand our team;	61.45	4.10%	35.36	26.09	over the next four years
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.50%	–	37.47	over the next four years
(4) Will be used to procure high quality copyrights or ownership of high quality interactive entertainment products or license-in high quality interactive entertainment products; and	265.29	17.70%	198.94	66.35	over the next four years
(5) Will be used to continuously develop and optimize our algorithms and data collection capabilities to increase the effectiveness of recommendation algorithms for short-form videos.	23.98	1.60%	22.52	1.46	over the next four years

## USE OF PROCEEDS FROM LISTING – CONTINUED

Intended applications of net proceeds as stated in the Prospectus	Net proceeds (including net proceeds from the exercise of over-allotment option) (HK\$ million)	Approximate percentage of net proceeds (%)	Net proceeds utilized as of June 30, 2021 (HK\$ million)	Unutilized net proceeds as of June 30, 2021 (HK\$ million)	Expected timeframe for unutilized net proceeds
<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 new media platforms;	106.42	7.10%	–	106.42	over the next four years
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;	46.46	3.10%	–	46.46	over the next four years
(3) Will be used to expand our interactive entertainment products offerings; and	121.41	8.10%	–	121.41	over the next four years
(4) Will be used to increase and diversify our collaboration with licensed or large agents of popular mobile new media platforms in order to capture high-quality mobile new media resources.	22.48	1.50%	–	22.48	over the next four years
<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%	–	61.45	over the next four years
(2) Will be used for exploring potential investments and acquisitions, including talent trainee agency companies with strong talent resources in South Korea and Southeast Asia;	38.97	2.60%	–	38.97	over the next four years
(3) Will be used for procuring user traffic from overseas mobile new media platforms or their agents that provide traffic resources to extend our performance-based mobile new media marketing services to overseas platforms for both domestic marketers and foreign marketers that seek to market their products on overseas short-video platforms; and	29.98	2.00%	–	29.98	over the next four years
(4) Will be used to develop overseas versions of our technology platforms.	22.48	1.50%	–	22.48	over the next four years
<b>For working capital and general corporate purposes</b>	149.88	10.00%	82.97	66.91	
<b>Total</b>	<b>1,498.83</b>	<b>100.00%</b>	<b>756.31</b>	<b>742.52</b>	

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2021.

## **REVIEW OF INTERIM RESULTS**

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

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Tang Wei, Mr. Xu Chong, and Mr. Yap Jin Meng Bryan. The chairman of the Audit Committee is Mr. Tang Wei. The Audit Committee has jointly reviewed with the management and the independent auditors of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2021) 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 did not declare any interim dividend for the six months ended June 30, 2021 (for the six months ended June 30, 2020: Nil).

## **PUBLICATION OF CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT FOR 2021**

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, 2021 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 at due course.

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

Beijing, the PRC, August 30, 2021

*As at the date of this announcement, the Board comprises Mr. Zhu Zinan, Mr. Zhang Zhidi, Mr. Cheng Lin, Ms. Qin Jiaxin and Mr. Sheng Shiwei as executive Directors; Mr. Hu Qingping and Mr. Hu Jiawei as non-executive Directors; and Mr. Xu Chong, Mr. Tang Wei, Mr. Fang Hongwei and Mr. Yap Jin Meng Bryan as independent non-executive Directors.*