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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 ANNUAL RESULTS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 AND  
 CHANGE IN THE USE OF PROCEEDS**

The Board is pleased to present the audited consolidated results of the Group for the year ended December 31, 2023, together with the comparative figures for the year ended December 31, 2022. The results of the Group have been reviewed by the Audit Committee.

The audited consolidated annual results of the Group for the year ended December 31, 2023 together with comparative figures for the corresponding period in 2022 are as follows:

**FINANCIAL RESULTS HIGHLIGHTS**

	<b>For the year ended December 31, 2023</b>	2022	Year-on-year changes Increase/ (Decrease)
	<i>(HK\$ in millions, except for percentages)</i>		
<b>Revenue</b>	<b>5,083.99</b>	3,724.81	36.49%
<b>Gross profit</b>	<b>459.57</b>	436.96	5.17%
Loss for the year attributable to owners of the Company	<b>(784.17)</b>	(339.45)	131.01%
Net loss margin	<b>(15.42)%</b>	(9.11)%	(6.31) <sup>(1)</sup>
Loss per Share			
– Basic (HK cents)	<b>(33.10)</b>	(15.03)	120.23%
– Diluted (HK cents)	<b>(33.10)</b>	(15.03)	120.23%

Note:

(1) Changes in percentage points.

Highlights of the Group's operational results for the year ended December 31, 2023, together with comparative figures for the corresponding period in 2022, are as follows:

## OPERATIONAL RESULTS HIGHLIGHTS

	<b>As of December 31 or for the year ended December 31, 2023</b>	2022	Year-on-year changes Increase/ (Decrease)
<b>Overseas sales of E-commerce goods business</b>			
Sales (HK\$ million)	<b>4,587.90</b>	3,104.61	47.78%
Sales volume (units)	<b>3,776,891</b>	2,793,265	35.21%
<b>Algorithm-based marketing business</b>			
GMV of domestic short video platform			
E-commerce marketing (HK\$ million)	<b>539.09</b>	721.48	(25.28)%
Number of paid actions of interactive entertainment products marketing <sup>(1)</sup> ('000)	<b>77,952</b>	139,195	(44.00)%
Average revenue per paid action (HK\$)	<b>2.54</b>	2.37	7.17%
<b>R&amp;D Investments</b>			
R&D expenditure (HK\$ million)	<b>70.01</b>	52.77	32.67%
Number of data models (sets)	<b>192</b>	190	1.05%

Note:

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

## CORPORATE PROFILE

With recovery of the domestic economy and under the clear guidance of the national direction for the digital construction of cultural industry, the Group has completed its strategic transformation in 2023, and has realized the comprehensive business integration of its domestic business with a mixed-ownership reformed company established by a central state-owned company in cultural industry. It will continue to develop new digital business combining film and television culture and entertainment with Internet technology, achieve the deep integration of cultural value and technological innovation, and create a new culture and entertainment industry focusing on high-quality content, driven by technological innovation and combined with multiple scenarios. For overseas E-commerce platform business, with continuously strengthened concept of domestic goods going overseas and the rapid development of E-commerce platforms, the fierce market competition environment has brought various challenges to the traditional overseas E-commerce model. With the experience accumulated in overseas E-commerce business over the past two years, the Group has proactively adjusted its business model to give full play to the core competitive advantage of its algorithm-based technology, decided to curtail the original trade business model of purchasing goods for sale and transform to focus 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, so as to promote the long-term sustainable development of the Group in the future.

### I. Our Business

#### ***(I) Domestic culture and entertainment technology business (web3.0 business, MCN business, film and television business, digital marketing business and short drama 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 company in cultural industry) 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 web3.0 business, MCN business, film and television business, digital marketing business and short drama business.

##### *1. Web3.0 business*

By working together with central enterprises, we jointly explore the creation of digital assets platform and the development of high-quality 1P 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. 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 business.

Based on its own blockchain “Poly Digi-Entertainment Chain” technology, Poly Digi-Entertainment has launched “Kong Jian (空兼)”, a digital asset service platform for film and television culture and entertainment contents. “Kong Jian (空兼)” is a digital asset service platform for film and television culture and entertainment contents independently operated by Poly Digi-Entertainment with independent intellectual property. 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 will rely on the central state-owned enterprise’s own blockchain “Poly Digi-Entertainment Chain” to provide underlying technical support and innovative solutions for Head Collect Digital. 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. *MCN business*

Taking advantage of the unique background of Poly Digi-Entertainment, we have established the first national leading central state-owned enterprise MCN, and contracting with talents who conform to the ideology prevailing in the country and make contributions to the society is the key to the synergy between the business value and social benefits of the Company. the Company will leverage its first mover advantages in data scale and interest-based content recommendation model to become the sole support company for this MCN organization, and focus on creating short video contents and talents in line with the general direction of national ideology, so as to promote the sustainable development of the Group’s MCN business.

### 3. *Film and television 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. With the recovery of the film and television industry, the Group actively develops the following film and television businesses:

#### (1) 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 production and distribution of film and television works, create and enrich the Company's own IP, and form 1P Traffic cluster of the Company by culture empowering the industry;

In 2023, the culture and entertainment technology business segment has 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》) and "Transfer" (《大轉移》), and signed with several well-known artists with positive influence. Meanwhile, it hosted the "Game Animation Film Unit" at the 13th Beijing International Film Festival and was granted the "Special Contribution" award.

#### (2) Artist agency

Leveraging the extensive experience of Poly Culture in the film and television industry for more than 20 years and Joy Spreader Culture (a subsidiary 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 and platforms for our artists.

During artist operation, the Company will arrange commercial activities and entertainment content activities for the contracted artists and artist groups through our commercial agents and executive agents. Commercial activities include endorsements, commercial promotions and other commercial activities. We contracted with suitable artists for our clients based on their market positioning, image, interests and past and current endorsements. 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.

(3) AIGC Commercialisation

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 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 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.

4. *Digital marketing business*

(1) Online marketing

Based on Poly Culture's rich experience in government 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.

(2) Offline marketing

We make full advantage of Poly Culture's film and television strengths and interconnections to develop film-empowered offline 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.

## 5. *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, Joy Spreader Culture, a subsidiary of 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, 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. Currently, the sector of short play is facing unprecedented development opportunities, and the Group will gradually shift our traditional business to short drama business in line with the development of our own drama video platform, so as to seize new opportunities for the development of our own short dramas.

- Main service area: Mainland China.

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

Our interest-based content recommendation algorithm-based marketing business in China refers to the development of algorithm-based marketing business on mobile internet social platforms and short video platforms based on the leading interest-based recommendation algorithmic technology. 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, 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, new media platforms recommend personalized content to internet users, and the Company recommends personalized products to internet users on this basis. the Company uses our private data analysis system to analyze products, content and users and establish modeling for them, form data labels, and use recommendation algorithms and middle platform technology to accurately recommend products to consumers on new media platforms and bill customers based on transformation effectiveness.

In 2023, for the short video platform E-commerce marketing business, we helped customers sell goods in an aggregate amount of HK\$539.09 million on Douyin platform; and for the digital distribution of online products business, we helped customers achieve effective paid actions of 77.95 million throughout 2023, including top-up, download, installation, etc.

70% 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	Douyin	CPS
• E-commerce marketing		
• 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 electronics vertical E-commerce platform business***

With the continuous consolidation of our domestic business, the Group has gained intense marketing experience in the E-commerce sales on the well-known short video platform in China. The Group started our overseas sales of E-commerce goods business operated by Joy Spreader International in 2021, and “Traffic + supply chain = Gross Merchandise Volume (GMV)” is the underlying logic of our overseas sales of E-commerce goods platform.

#### *Trade side:*

We cooperate with domestic brand suppliers. After reserving stable sources of goods and integrating relatively mature domestic supply chains, we reserve a large number of inventory goods and sell excellent domestic products overseas, realizing the asset-heavy business model by investing a large amount of money to purchase their electronic products for trade sales.

#### *Technology side:*

Facing the unprecedented opportunities brought about by the commercialization of famous overseas short video platforms, we have rapidly expanded our mature domestic algorithm-based marketing model overseas together with overseas short video platforms. In the overseas sales of E-commerce goods segment, the Company has built its own E-commerce platform, MARTOP, through which it accurately obtains traffic on overseas short video platforms by using the Group’s interest-based algorithm technology and provide accurate marketing services to its customers. We have built a complete overseas supply chain and online and offline payment system through cooperation, and ultimately complete the orders and product deliveries on our independent website, being committed to assisting with the sales of outstanding domestic products overseas.

Since Joy Spreader International used the famous overseas short video platform as the main marketing channel, it occurred relatively large traffic subsidies; meanwhile, in order to quickly occupy the Southeast Asian market, the Company has also invested a large amount of in-kind subsidies into this business. As a large amount of the Company's funds was required to purchase inventory goods to realize commodity sales and then generate sales revenue in the traditional trade side. It has caused more and more pressure on the operating cash flow of the Group with the continuous expansion of business scale. In view of the changes in the current market environment and the intensification of industry competition, the Company has decided to adjust the strategic focus of overseas E-commerce business in the future upon careful consideration. After completing the disposal of the existing inventory goods, we plan to suspend the purchase of new inventory goods and suspend the traditional trading business of earning gross profit through purchasing and selling 3C electronic products in order to reduce the dependence on asset-heavy trading business, and shift the focus to the asset-light business model, i.e. providing accurate traffic promotion services for overseas E-commerce platform customers through overseas short video platforms, which will greatly reduce the occupation of corporate funds, help improve operating cash flow, be more suitable for us at the development stage, and build a more stable moat for the long-term sustainable development of the Company.

- Main products for sales: 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***

The presentation and production of cultural and entertainment products of culture and entertainment technology business will comprehensively use open-source AI platform to conduct the exploration and development of AIGC application layers, heavily invest in AIGC business layout facing vertical scenario application market, continue to carry forward to explore and develop innovation business in virtual human, virtual voice business, graphic output, short video AIGC, AI video scenario for film and television works, AIGC post-production editing and other fields through AIGC.

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

Culture and entertainment technology business relies on the Web3.0 business of Poly Digi-Entertainment to launch 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, it distributes 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 major service component of the algorithm-based marketing business is to help customers conduct sales and marketing services on mobile internet platform through recommendation algorithms technology. This is the income source of algorithm-based marketing business.

We are one of the first companies to explore in internet interest-based algorithms marketing. Internet marketing is based on the interest-based content recommendation algorithm, which aims to carry out online marketing in 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 and time users 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. It is expected that by 2025, the size of China's digital economy will exceed RMB60 trillion.

## **8. *Concept of overseas E-commerce of electronic products***

Overseas sales of E-commerce goods business is mainly focused on self-establishment of E-commerce platform, targeting the E-commerce customers on the famous overseas short video platform.

The commercialization of the famous overseas short video platform is at the start-up period, and overseas short video E-commerce is entering the blue ocean market stage with significant future growth potential.

### III. Our Strengths

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

The digital economy-related industry in which the Group is engaged has clear industry prospects and vast market space. With the implementation of a digital economy strategy in China and the launch of kinds of encouragement and support policies by the government at various levels, the domestic and overseas E-commerce, interactive entertainment, digital assets and other businesses begin to flourish in a more regulated market environment and have long-term 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 enable 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 developing at a high speed*

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. Following UGC and PGC, it is a new production method using AI technology to automatically generate content, providing new opportunities for film and television culture and entertainment and other business areas to gain a competitive edge in the digital upgrading of culture industry.

#### *(b) Digital industry of culture and entertainment is undergoing upgrades*

Given the government's great efforts to develop the digital economy, Poly Digi-Entertainment, the Company and JDJ 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 meta-universe era. This is not only an important layout of Poly Digi-Entertainment in the field of cutting-edge technologies such as digital assets, virtual human, meta-universe, but also a concrete action we have proactively taken in response to the national digital economy strategy. This platform will enable us to better grasp the industrial transformation opportunities arising from the development of digital technology, continue to enrich the content expression forms of cultural and entertainment, and expand the digital radiation ability of IP, so as to promote the digital transformation and upgrade of the cultural industry as a whole.

(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) *Shift original asset-heavy trade sales model to a technology-orientated asset-light service model*

Southeast Asia has a high population density and a large number of young people. Its GDP growth is higher than the average level of the world. The young consumers group emerges to drive shopping demand. The internet penetration rate there is also higher than the global average. In addition, various favorable factors, 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 an obvious advantage in exporting to Southeast Asia. During the period when 4G and 5G are becoming more popular and consumption upgrades in the context of GDP growth in Southeast Asia, the consumer electronics produced in China have notable advantages in terms of production capacity and quality.

Over the past two years, our overseas E-commerce business has developed rapidly, which has accumulated extensive industry experience and customer resources. Our original overseas sales of E-commerce goods business model consists of two business segments: traditional trade procurement and sales business, and accurate marketing services on overseas short video platforms based on interest-based algorithm technology. We have a clear insight that, although the asset-heavy business model of investing a large amount of money to purchase inventory goods for trade sales in the past has helped the Group to generate a huge revenue scale, but it has also occupied a large amount of funds and imposed pressure on the Group's operating cash flow, which is not suitable for us at the development stage.

By curtailing the traditional trade procurement and sales business, we believe that we will transform to an asset-light business model that 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. Although such a change will result in the loss of operating income and gross profit from trade sales in the financial statements of the Group, the business model focusing on interest-based algorithm technology services will help improve our future operating cash flow and build a more stable moat for the long-term sustainable development of the Group.

***(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, among others, the country's further regulation on macro economy, the tightened supervision and control over the culture and entertainment industry, and the demand of state-owned and central enterprises for business digital upgrade, private enterprises may not understand and implement national policies and regulations as effectively as state-owned and central enterprises, and it is also not easy for them to engage in some businesses that need to be carried out by state-owned and central enterprises. The collaboration between the Company and mixed-ownership reformed central company enables the Company to enter the areas like Web3.0, block chain, and culture and entertainment content production under the guidance and management of the central enterprise, and effectively broaden and develop its customer base and business portfolio of the Company.

As a professional central enterprise engaged in the culture industry, our partner is not only a professional PGC institution, but also has unique advantages in terms of industrial resources, 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 give a heavy blow in overseas market***

The Group has accumulated long-term and substantial project data relating to domestic and overseas E-commerce and interactive entertainment through business practices, which has 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. As a first-mover, we have accumulated data of industry-leading scale (also as to extensive 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 ensure our marketing performance and improve our services continuously.

## MANAGEMENT DISCUSSION AND ANALYSIS

- **Overview of Results for the Year**

- a. Domestic business remained profitable*

As China tightened its regulatory approvals for game licenses and paid literature, revenue from the domestic business decreased by 20.01% year-on-year to HK\$496.10 million. In 2023, through strategic transformation, the Group fully realized the business integration of its domestic business with a mixed-ownership reformed company established by a central state-owned company in cultural industry, and adjusted its strategic core business in a timely manner. With the gradual recovery of the domestic economy, the development space of the domestic business is expected to increase accordingly.

- b. Huge revenue scale in overseas sales of E-commerce goods market*

The revenue of the Group increased by 36.49% from HK\$3,724.81 million in 2022 to HK\$5,083.99 million in 2023. The increase was mainly attributable to the fact that the overseas sales of E-commerce goods business recorded rapid revenue growth for its algorithm-based marketing core technology, accurate online marketing capabilities, rigorous product selection standards and efficient supply chain integration through two years of experience accumulation and time precipitation upon the Group's in-depth analysis and research on the Southeast Asian market and cross-border E-commerce industry.

- c. Development of an asset-light business model to build a moat*

In order to expand the overseas sales of E-commerce goods business, scale sales and seize market share at a faster pace, the Group conducted traffic promotion and provided in-kind subsidies overseas, resulting in loss for the year of HK\$793.24 million in 2023. In the future, we will adjust our focus to asset-light business, provide customers with accurate traffic promotion through overseas short video platforms, and build a long-term and sustainable moat.

- **Progress of Business for the Year**

- Overseas sales of E-commerce goods Business*

In 2023, the Group recorded sales of HK\$4,587.90 million from overseas sales of E-commerce goods business, with sales volume of 3,776,891 units. The substantial increase in revenue from overseas sales of E-commerce goods business in 2023 was due to the fact that the overseas sales of E-commerce goods business recorded rapid revenue growth for its core algorithm-based marketing technology, accurate online marketing capabilities, rigorous product selection standards and efficient supply chain integration through two years of experience accumulation and time precipitation upon the Group's in-depth analysis and research on the Southeast Asian market and cross-border E-commerce industry. In 2023, the Group recorded gross profit from the sale of overseas E-commerce goods of HK\$282.32 million, maintaining the gross profit from overseas sales of E-commerce goods at a stable level.

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

- *Interactive Entertainment and Digital Product Marketing*

In 2023, the Group recorded revenue of HK\$186.56 million from interactive entertainment and digital product performance-based marketing services, representing a decrease of 40.02% as compared with HK\$311.06 million of the same period last year, which was due to (i) the tightened regulatory approval of game licenses and paid literature in China, which led to restrictions on such business, therefore the Company adjusted its business layout in a timely manner; and (ii) customers generally lowered their budgets for product placement under the macro environment featuring slowdown in domestic economy, resulting in a decrease in the revenue from this business as compared to the same period last year.

- *Short Video Platform E-Commerce Marketing*

In 2023, the Group achieved GMV of domestic short video platform E-commerce marketing of HK\$539.09 million, representing a decrease of 25.28% as compared with HK\$721.48 million in 2022; in particular, revenue from domestic E-commerce products marketing of HK\$306.66 million was recorded in 2023, representing a slight decrease from HK\$307.08 million in 2022. In 2023, the Group adjusted its business strategy with the addition of new customers and E-commerce categories with higher share ratios as compared to the same period last year, therefore, despite the decrease in GMV, there were no material changes to the revenue of this business.

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

To ensure the execution performance of the Group's business, we will make investment in R&D based on our business development needs. Especially when entering new business markets and exploring new forms of media, we need to enhance efforts on R&D to ensure the rapid implementation of business and achieve favorable marketing performance. In the first half of 2023, in view of the rapid development of overseas sales of E-commerce goods business, we increased our R&D investment in standalone website, overseas short video contents, user portraits and overseas supply chain digitization. With reduction of the domestic businesses and milestone R&D results in the overseas sales of E-commerce goods business, the Group has adjusted the corresponding R&D investments since the second half of 2023. In 2023, the Group invested a total of HK\$70.01 million in R&D expenses, which was mainly applied to data analysis, algorithm modeling and the E-commerce business on a famous overseas short video platform.

The data models of the Group based on various product categories amounted to 192 sets as of December 31, 2023, representing an increase of 1.05% as compared with 190 sets as of December 31, 2022. Data labels adopted by intelligent recommendation coupling model amounted to 2,855, representing an increase of 1.13% as compared with 2,823 as of December 31, 2022. The improvement of data models and enhancement of algorithm capability have made a solid foundation for the Group to improve its marketing business and expand new business categories in the future.

The Group is one of the first Chinese companies to launch performance-based marketing business on a famous overseas short video platform, and we are optimistic about the tremendous business opportunities that lie on its platform. We will curtail the trading side which is asset-heavy and capital-intensive, and give full play to our technological advantages to realise an asset-light operating model.

- **STRATEGIC DECISIONS OF THE GROUP’S MANAGEMENT FOR 2023 AND 2024**

- a. Expand New Business Fields and Market Share with the Supporting of 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 cultivating high-quality self-owned content and traffic through multiple channels to enhance the Group’s customer service capabilities and profitability. In addition to the new media cooperation on film and television contents with central enterprises as strategic partners, we also continue to cultivate new media accounts, IP 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. We have commenced to consecutively implement the cooperative projects in the incubation of film and television culture and entertainment contents, online publicity, digital asset-related business, digitalization of E-commerce product of state-owned and central enterprise and related businesses, 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 also will increase the investment in AIGC application end research and try to use the new generation method by AIGC to improve the production efficiency and richness of content and significantly reduce the production cost of digital content.

***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. Currently, it has passed our model verification and we have made significant breakthroughs in revenue scale, team scale and development layout and other aspects. In the 2024 and beyond, by reference to the characteristics of overseas sales of E-commerce goods and the market environment, we will gradually curtail the traditional trade procurement and sales business, and provide customers with accurate traffic promotion services through overseas short video platforms by using the Group's interest-based algorithm technology.

The overseas sales of E-commerce goods business of the Group has been launched in many countries in Southeast Asia. Now we have focused on the vertical sectors of E-consumer and deeply cultivate in Southeast Asia market and build a complete overseas supply chain and online and offline payment system, striving to help outstanding domestic products to be sold overseas. The optimized business model will be more suitable for us in the development stage, and the more flexible and efficient business strategy will build a more stable moat for the long-term sustainable development of the Company.

- **Discussion and Analysis of Financial Statement**

***Revenue***

The revenue of the Group increased by 36.49% from HK\$3,724.81 million in 2022 to HK\$5,083.99 million in 2023. The increase was mainly attributable to the fact that the overseas sales of E-commerce goods business recorded rapid and sustainable revenue growth for its algorithm-based marketing core technology, accurate online marketing capabilities, rigorous product selection standards and efficient supply chain integration through two years of experience accumulation and time precipitation upon the Group's in-depth analysis and research on the Southeast Asian market and cross-border E-commerce industry. In addition, the Group's overseas sales of E-commerce goods business based on a famous overseas short video platform successfully launched in the fourth quarter of 2021, contributing revenue of HK\$3,104.61 million and HK\$4,587.90 million to the Group in 2022 and 2023 respectively.

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

	<b>For the years ended December 31,</b>			
	<b>2023</b>	<b>Percentage</b>	<b>2022</b>	<b>Percentage</b>
	<i>(HK\$ million, except for percentages)</i>			
<b>Marketing revenue from interactive entertainment and digital products</b>	<b>186.56</b>	<b>3.67%</b>	311.06	8.35%
Games	<b>93.34</b>	<b>1.84%</b>	110.12	2.96%
Online literature	–	–	60.09	1.61%
Apps and others	<b>93.22</b>	<b>1.83%</b>	140.85	3.78%
<b>Marketing revenue from domestic E-commerce products</b>	<b>306.66</b>	<b>6.03%</b>	307.08	8.24%
<b>Sales revenue from overseas E-commerce goods</b>	<b>4,587.90</b>	<b>90.24%</b>	3,104.61	83.35%
<b>Revenue from other products</b>	<b>2.87</b>	<b>0.06%</b>	2.06	0.06%
<b>Total revenue</b>	<b><u>5,083.99</u></b>	<b><u>100.00%</u></b>	<b><u>3,724.81</u></b>	<b><u>100.00%</u></b>

### ***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 increased by 40.65% from HK\$3,287.84 million in 2022 to HK\$4,624.42 million in 2023, which was primarily attributable to the corresponding increase in the cost of revenue resulting from the growing scale of the business during the year.

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

The Group achieved a gross profit of HK\$459.57 million in 2023, representing an increase of 5.18%, as compared with HK\$436.96 million in 2022. The increase in the gross profit of the Group was mainly attributable to the increasing scale sales of the overseas sales of E-commerce goods business, which led to an increase in the overall gross profit of the Group. For the year ended December 31, 2023, the gross profit margin of the Group was 9.04%, representing a decrease of 2.69 percentage points as compared with 11.73% for the year ended December 31, 2022. The decrease in the gross profit margin of the Group was mainly attributable to the higher proportion of the performance of the overseas sales of E-commerce goods business with lower gross profit, which led to a decrease in the overall gross profit margin. In particular, the gross profit of the overseas sales of E-commerce goods business increased by 50.37% to HK\$282.32 million. The gross profit margin of the overseas business was 6.15%, representing an increase of 0.1 percentage point as compared with 6.05% for the year ended December 31, 2022.

The gross profit of the domestic business decreased by 28.88% to HK\$177.25 million. The gross profit margin of the domestic business was 35.73%, representing a decrease of 4.45 percentage points as compared with 40.18% for the year ended December 31, 2022. The decrease in the gross profit of the domestic business was mainly attributable to the fact that game and book licenses are still subject to policy control, resulting in a further decline in demand from our customers.

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

	<b>For the years ended December 31,</b>			
	<b>2023</b>	<b>Percentage</b>	<b>2022</b>	<b>Percentage</b>
	<i>(HK\$ million, except for percentages)</i>			
<b>Marketing gross profit from interactive entertainment and digital products</b>	<b>43.75</b>	<b>9.52%</b>	97.34	22.28%
Games	<b>20.72</b>	<b>4.51%</b>	28.64	6.55%
Online literature	–	–	21.49	4.92%
Apps and others	<b>23.03</b>	<b>5.01%</b>	47.21	10.81%
<b>Marketing gross profit from domestic E-commerce products</b>	<b>132.03</b>	<b>28.73%</b>	149.93	34.31%
<b>Gross profit from overseas sales of E-commerce goods</b>	<b>282.32</b>	<b>61.43%</b>	187.75	42.97%
<b>Gross profit from other products</b>	<b>1.47</b>	<b>0.32%</b>	1.94	0.44%
<b>Total gross profit</b>	<b>459.57</b>	<b>100.00%</b>	436.96	100.00%

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

The other gains and losses of the Group decreased from gains of HK\$30.05 million in 2022 to gains of HK\$9.03 million in 2023, which was mainly due to the exchange gains, net of HK\$43.04 million recorded in 2022 and the exchange gains, net of HK\$10.52 million recorded in 2023.

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

For the year ended December 31, 2023, the distribution and selling expenses of the Group amounted to approximately HK\$936.71 million, representing a substantial increase as compared with HK\$523.29 million in 2022, which was mainly due to the combined effect of the significant increases in both the promotion expenses of the overseas sales of E-commerce goods business and the subsidy during the year.

### ***Administrative Expenses***

The administrative expenses of the Group decreased by 24.98% from HK\$190.76 million in 2022 to HK\$143.11 million in 2023, primarily due to the significant decrease in share-based compensation expense during the year as compared with that of the same period last year.

### ***R&D Expenses***

R&D expenses of the Group increased by 32.67% from HK\$52.77 million in 2022 to HK\$70.01 million in 2023, which was mainly used to establish and optimize the data model of the overseas sales of E-commerce goods business.

### ***Finance costs***

For the year ended December 31, 2023, 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 of December 31, 2022 and December 31, 2023, the balance of the inventories of the Group amounted to HK\$40.25 million and HK\$108.68 million, respectively, which was mainly due to the increase in the balance of the inventories resulting from the growing scale of overseas sales of E-commerce goods business during the year.

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

The Group had trade and other receivables and the balance of deposits of HK\$1,268.50 million as of December 31, 2022 and HK\$729.02 million as of December 31, 2023, respectively.

As of December 31, 2023, the balance of trade receivables of the Group amounted to HK\$222.99 million, representing a decrease of 18.67% as compared to HK\$274.17 million as of December 31, 2022, which was mainly attributable to the provision made for credit impairment of some customers during the year.

Other receivables and deposits are deposits paid to suppliers to expand the overseas sales of E-commerce goods business, receivables of income from investments in films and television dramas, employee petty cash and rental deposits, etc. As of December 31, 2022 and as of December 31, 2023, the balance of other receivables and deposits amounted to HK\$994.34 million and HK\$506.03 million, respectively, which was mainly attributable to the fact that partial deposits for the overseas sales of E-commerce goods business were refunded in 2023.

### ***Prepayments***

The Group had the balance of prepayments of HK\$706.75 million and HK\$499.32 million as of December 31, 2022 and as of December 31, 2023, respectively. The decrease in balance was mainly attributable to the consumption of partial prepaid traffic payment by the Group.

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

The Group had balance of equity instruments of HK\$27.97 million and HK\$12.99 million at fair value through other comprehensive income as of December 31, 2022 and as of December 31, 2023, respectively. The decrease was mainly due to the fair value decrease as a result of the investment.

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

The Group had bank deposits/bank balances and cash balances of HK\$572.93 million and HK\$367.92 million as of December 31, 2022 and as of December 31, 2023, respectively. The decrease in balances was mainly due to the increase in the funds used for purchasing inventories resulting from the growing scale of overseas E-commerce business of the Group.

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

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

The balance of trade payables of the Group decreased by 31.13% from HK\$251.23 million as of December 31, 2022 to HK\$173.03 million as of December 31, 2023, which was mainly due to the timely settlement of payables for the purchase of data traffic and payables for the purchase of goods with suppliers in 2023.

The balance of other payables of the Group decreased by 26.82% from HK\$43.10 million as of December 31, 2022 to HK\$31.54 million as of December 31, 2023, which was mainly attributable to the decrease in amount due to third parties.

### ***Lease Liabilities***

Lease liabilities of the Group decreased by 3.99% from HK\$43.08 million as of December 31, 2022 to HK\$41.36 million as of December 31, 2023, showing no significant change.

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

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

	<b>For the year ended</b>	
	<b>December 31,</b>	<b>2022</b>
	<b>2023</b>	
	<i>HK\$ million</i>	
Net cash used in operating activities	<b>(237.76)</b>	(526.29)
Net cash from (used in) investing activities	<b>41.03</b>	(91.95)
Net cash (used in) from financing activities	<b>(18.06)</b>	587.17
Net decrease in cash and cash equivalents	<b>(214.79)</b>	(31.07)
Cash and cash equivalents at the beginning of the year	<b>533.95</b>	619.04
Effect of foreign exchange rate changes	<b>6.81</b>	(54.02)
Cash and cash equivalents at the end of the year, represented by bank balances and cash	<b><u>325.97</u></b>	<b><u>533.95</u></b>

As of December 31, 2022 and as of December 31, 2023, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

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

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

For the year ended December 31, 2023, our net cash used in operating activities was HK\$237.76 million (for the year ended December 31, 2022: HK\$526.29 million), which is mainly due to the combined effect of the purchase of inventories, the increase in account receivable collection and partial deposits for the overseas sales of E-commerce goods business were refunded in 2023. The net operating cash outflow of the Group improved significantly with the substantial increase in revenue, representing the Group's strong capital management capacity.

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

Our cash used in investing activities mainly consists of purchase of fixed assets, purchase of financial assets at FVTPL, redemption of financial assets at FVTPL, investments in an associate, investments in films and television dramas, grant and recovery of loan receivables, and purchase and redemption of term deposits.

For the year ended December 31, 2023, our net cash from investing activities was HK\$41.03 million (for the year ended December 31, 2022: net cash used in investing activities was HK\$91.95 million), primarily attributable to the combined effect of purchase and disposal of fixed assets, grant and recovery of loan receivables and interest income.

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

Our cash inflow from financing activities primarily related to the placement of Shares in June 2022.

For the year ended December 31, 2023, our net cash used in financing activities was HK\$18.06 million (for the year ended December 31, 2022: net cash from financing activities of HK\$587.17 million), primarily attributable to the proceeds from the placement of Shares in June 2022.

### ***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 year ended December 31,</b>	
	<b>2023</b>	2022
	<i>HK\$ million</i>	
Fixed assets	<b>18.90</b>	35.10
Right-of-use assets	<b>26.41</b>	47.65
	<hr/>	<hr/>
Total	<b>45.31</b>	82.75
	<hr/> <hr/>	<hr/> <hr/>

### ***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 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 and the section headed “Use of Proceeds from Listing” in this announcement, the Group does not have any other plans for material investments or capital assets.

## ***Indebtedness***

### ***Bank Borrowings***

As of December 31, 2022 and December 31, 2023, the Group did not have any bank borrowings.

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

#### ***Contingent Liabilities***

As of December 31, 2022 and December 31, 2023, the Group was not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, and did not have any contingent liabilities, that, we expected would materially adversely affect our business, financial position or results of operations.

#### ***Charge of Assets and Guarantees***

As of December 31, 2022 and December 31, 2023, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities.

### ***Gearing Ratio***

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As of December 31, 2022, the gearing ratio of the Group was 15.66% (as of December 31, 2022: 13.72%).

### ***Current Ratio***

Current ratio represents current assets divided by current liabilities. The current ratio of the Group increased from 7.67 times as of December 31, 2022 to 7.75 times as of December 31, 2023.

### ***Treasury Policy***

We adopt a prudent financial management approach for our treasury policy to ensure that our liquidity structure is able to always meet our capital requirements.

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

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

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

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

As of December 31, 2023, we had 91 full-time employees, the majority of whom were based in the PRC. As of December 31, 2023, over 62.64% of our employees were in the departments of R&D, technical and operation.

In terms of employee benefits and security, the Group complies with the minimum working age and minimum wage prescribed by law and provides employees with five national statutory social insurances in accordance with the relevant laws and regulations. The Group strictly guarantees that employees 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 activities 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. 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.

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

For the year ended 31 December 2023

	NOTES	Year ended 31 December	
		2023 HK\$'000	2022 HK\$'000
Revenue	4	5,083,992	3,724,806
Cost of revenue		<u>(4,624,419)</u>	<u>(3,287,842)</u>
Gross profit		459,573	436,964
Other income		12,341	37,099
Other expenses		–	(16,895)
Other gains and losses	6	9,033	30,054
Impairment losses under expected credit loss model, net of reversal	7	(123,775)	(50,956)
Distribution and selling expenses		(936,705)	(523,288)
Administrative expenses		(143,109)	(190,764)
Research and development expenses		(70,014)	(52,771)
Share of results of associates		1,857	445
Finance costs		<u>(2,303)</u>	<u>(1,776)</u>
Loss before tax		(793,102)	(331,888)
Income tax expense	8	<u>(141)</u>	<u>(7,232)</u>
Loss for the year		<u><b>(793,243)</b></u>	<u><b>(339,120)</b></u>
(Loss) profit for the year attributable to:			
Owners of the Company		(784,166)	(339,450)
Non-controlling interests		<u>(9,077)</u>	<u>330</u>
		<u><b>(793,243)</b></u>	<u><b>(339,120)</b></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – Continued**

*For the year ended 31 December 2023*

		<b>Year ended 31 December</b>	
		<b>2023</b>	2022
	<i>NOTE</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		<b>(28,098)</b>	(210,714)
Fair value loss on equity instruments at fair value through other comprehensive income		<b>(14,685)</b>	(11,671)
Income tax relating to item that will not be reclassified to profit or loss		<b>1,703</b>	1,751
		<b><u>(41,080)</u></b>	<u>(220,634)</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b><u>(10,169)</u></b>	<u>(10,461)</u>
Other comprehensive expense for the year, net of income tax		<b><u>(51,249)</u></b>	<u>(231,095)</u>
Total comprehensive expense for the year		<b><u><u>(844,492)</u></u></b>	<u><u>(570,215)</u></u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		<b>(835,656)</b>	(570,545)
Non-controlling interests		<b><u>(8,836)</u></b>	<u>330</u>
		<b><u><u>(844,492)</u></u></b>	<u><u>(570,215)</u></u>
Basic loss per share (HK cents)	9	<b><u><u>(33.10)</u></u></b>	<u><u>(15.03)</u></u>
Diluted loss per share (HK cents)	9	<b><u><u>(33.10)</u></u></b>	<u><u>(15.03)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		As at 31 December	
		2023	2022
	NOTES	HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		58,226	65,987
Right-of-use assets		36,875	41,916
Intangible assets		2,222	3,833
Interests in associates	11	36,538	35,198
Rental deposits	13	5,192	5,487
Financial assets at fair value through profit or loss		7,414	5,597
Equity instruments at fair value through other comprehensive income		12,993	27,970
Finance lease receivables		1,396	–
Prepayments	14	–	237,100
		<b>160,856</b>	<b>423,088</b>
<b>CURRENT ASSETS</b>			
Inventories	12	108,681	40,254
Trade and other receivables and deposits	13	723,832	1,263,017
Loan receivables		4,524	26,308
Finance lease receivables		1,649	–
Prepayments	14	499,320	469,649
Financial assets at fair value through profit or loss		1,991	3,077
Restricted bank balances		41,951	–
Bank deposits		–	38,984
Cash and cash equivalents		325,973	533,944
		<b>1,707,921</b>	<b>2,375,233</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	204,567	294,332
Contract liabilities		–	1,207
Lease liabilities		14,665	13,298
Income tax payable		1,004	903
		<b>220,236</b>	<b>309,740</b>
<b>NET CURRENT ASSETS</b>		<b>1,487,685</b>	<b>2,065,493</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,648,541</b>	<b>2,488,581</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued***At 31 December 2023*

		<b>As at 31 December</b>	
		<b>2023</b>	<b>2022</b>
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>26,694</b>	29,779
Obligation arising from a forward contract with non-controlling interests	<i>16</i>	<b>45,632</b>	42,676
Deferred tax liabilities		<b>128</b>	1,845
		<u><b>72,454</b></u>	<u>74,300</u>
<b>NET ASSETS</b>		<u><b>1,576,087</b></u>	<u>2,414,281</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>17</i>	<b>24</b>	24
Reserves		<u><b>1,599,318</b></u>	<u>2,413,927</u>
Equity attributable to owners of the Company		<b>1,599,342</b>	2,413,951
Non-controlling interests		<u><b>(23,255)</b></u>	<u>330</u>
<b>TOTAL EQUITY</b>		<u><b>1,576,087</b></u>	<u>2,414,281</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total HK\$'000	
	Share capital HK\$'000	Treasury stocks HK\$'000	Share premium HK\$'000	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 HK\$'000			Subtotal HK\$'000
At 1 January 2022	22	(150,002)	1,745,119	-	21,213	163,764	142,617	395,496	2,318,229	-	2,318,229
(Loss) profit for the year	-	-	-	-	-	-	-	(339,450)	(339,450)	330	(339,120)
Changes in fair value of equity instruments	-	-	-	-	(9,920)	-	-	-	(9,920)	-	(9,920)
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	(210,714)	-	(210,714)	-	(210,714)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(10,461)	-	(10,461)	-	(10,461)
Other comprehensive expense for the year	-	-	-	-	(9,920)	-	(221,175)	-	(231,095)	-	(231,095)
(Loss) profit and total comprehensive (expense) income for the year	-	-	-	-	(9,920)	-	(221,175)	(339,450)	(570,545)	330	(570,215)
Issue of shares (note 17)	2	-	602,878	-	-	-	-	-	602,880	-	602,880
Transaction costs attributable to issue of shares (note 17)	-	-	(21,833)	-	-	-	-	-	(21,833)	-	(21,833)
Cancellation of shares	-	11,950	(11,950)	-	-	-	-	-	-	-	-
Purchase of shares under share award scheme (note 18)	-	(7,280)	-	-	-	-	-	-	(7,280)	-	(7,280)
Reduction of share issuance costs in connection with the listing of the shares	-	-	21,841	-	-	-	-	-	21,841	-	21,841
Recognition of equity-settled share-based payment expenses (note 18(a))	-	-	-	70,659	-	-	-	-	70,659	-	70,659
Vesting of shares of the Company (note 18(a))	-	-	(68,130)	(70,247)	-	-	-	-	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	40,294	40,294
Obligation arising from a forward contract with non-controlling interests (note 16)	-	-	-	-	-	-	-	-	-	(40,294)	(40,294)
Appropriation of statutory reserve	-	-	-	-	-	13,963	-	(13,963)	-	-	-
At 31 December 2022	24	(6,955)	2,267,925	412	11,293	177,727	(78,558)	42,083	2,413,951	330	2,414,281

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – Continued

For the year ended 31 December 2023

	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	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 year	-	-	-	-	-	-	-	(784,166)	(784,166)	(9,077)	(793,243)
Changes in fair value of equity instruments	-	-	-	-	(12,982)	-	-	-	(12,982)	-	(12,982)
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	(28,098)	-	(28,098)	-	(28,098)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(10,410)	-	(10,410)	241	(10,169)
Other comprehensive (expense) income for the year	-	-	-	-	(12,982)	-	(38,508)	-	(51,490)	241	(51,249)
Loss and total comprehensive expense for the year	-	-	-	-	(12,982)	-	(38,508)	(784,166)	(835,656)	(8,836)	(844,492)
Recognition of equity-settled share-based payment expenses (note 18)	-	-	-	3,338	-	-	-	-	3,338	2,960	6,298
Vesting of shares of the Company (note 18(a))	-	6,955	(3,205)	(3,750)	-	-	-	-	-	-	-
Vesting of shares of a subsidiary (note 18(b))	-	-	17,709	-	-	-	-	-	17,709	(17,709)	-
Appropriation of statutory reserve	-	-	-	-	-	5,379	-	(5,379)	-	-	-
At 31 December 2023	24	-	2,282,429	-	(1,689)	183,106	(117,066)	(747,462)	1,599,342	(23,255)	1,576,087

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Net cash used in operating activities	<u>(237,757)</u>	<u>(526,293)</u>
Net cash from (used in) investing activities	<u>41,034</u>	<u>(91,946)</u>
Net cash (used in) from financing activities	<u>(18,057)</u>	<u>587,168</u>
Net decrease in cash and cash equivalents	<b>(214,780)</b>	(31,071)
Cash and cash equivalents at beginning of the year	<b>533,944</b>	619,036
Effect of foreign exchange rate changes	<u>6,809</u>	<u>(54,021)</u>
Cash and cash equivalents at end of the year	<b><u>325,973</u></b>	<b><u>533,944</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. GENERAL INFORMATION

Joy Spreader Group Inc. (the “**Company**”) was incorporated and registered in the Cayman Islands on 19 February 2019 as an exempted company with limited liability under the Companies Act of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 23 September 2020. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are provision of 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 “**Ultimate Controlling Shareholder**”).

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

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS – Continued

- obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity holders as collateral security for payments of the Consolidated Affiliated Entities due to Joy Spreader WFOE and to secure performance of the Consolidated Affiliated Entities' obligations under the Contractual Arrangements.

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

## 3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

### New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	<i>Insurance Contracts</i>
Amendment to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform-Pillar Two Model Rules</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>

The application of the new and amendments to IFRSs mentioned above in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>2</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current<sup>2</sup></i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants<sup>2</sup></i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements<sup>2</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>3</sup></i>

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

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of the above amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### 4. REVENUE

##### (i) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Types of goods or services</b>		
Provision of performance-based we-media marketing services		
Interactive entertainment and digital products marketing	186,565	311,056
E-commerce products marketing	306,660	307,078
	493,225	618,134
Sales of E-commerce goods	4,587,896	3,104,605
Others	2,871	2,067
	5,083,992	3,724,806
<b>Timing of revenue recognition</b>		
A point in time	5,083,992	3,724,806

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

###### *Sales of E-commerce goods*

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

###### *Provision of performance-based we-media marketing services*

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

#### 4. REVENUE – Continued

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

###### *Provision of performance-based we-media marketing services – Continued*

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

The Group acts as the principal to most of the contracts with customers as it controls the specified advertising traffic resources and the specified marketing services before they are displayed to the target users and therefore recognises revenue earned and costs incurred related to the transactions on a gross basis, taking into consideration indicators that the Group is primarily responsible for fulfilling the promise to provide the specified service and is responsible for (i) identifying and contracting with individual customers and negotiating with them the contract price; (ii) identifying and contracting with suppliers (normally the Group made prepayments to suppliers for the advertising traffic to be used for a future period, for example nine to twelve months); and (iii) bearing sole responsibility for fulfillment of the services. Such revenue is recognised at a point in time when specific services were provided based on different pricing models (for example, cost per click or cost per sale for performance-based marketing services to marketing agencies as a result of the advertising display of marketing products on relevant we-media platforms) which are confirmed with the customers monthly. Normally, the payment terms for the contract is 90 days after the volume of the specified service is agreed with the customers monthly.

When the Group acts as an agent, it recognises revenue earned and costs incurred related to the transaction on a net basis, in exchange for arranging for the specified service to be provided by the other party. Normally, the payment terms for the contract is 90 days after the volume of the specified service is agreed with the customers monthly.

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

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

#### 5. SEGMENT INFORMATION

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

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

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

## 5. SEGMENT INFORMATION – Continued

### Segment revenue and results

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

#### For the year ended 31 December 2023

	Provision of performance- based we-media marketing services <i>HK\$'000</i>	Sales of E-commerce goods <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue from external customers	<u>493,225</u>	<u>4,587,896</u>	<u>2,871</u>	<u>5,083,992</u>
Segment profit (loss)	<u>180</u>	<u>(746,312)</u>	<u>(30,985)</u>	(777,117)
Share of results of associates				1,857
Unallocated corporate expenses				<u>(17,983)</u>
Loss for the year				<u>(793,243)</u>

#### For the year ended 31 December 2022

	Provision of performance- based we-media marketing services <i>HK\$'000</i>	Sales of E-commerce goods <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue from external customers	<u>618,134</u>	<u>3,104,605</u>	<u>2,067</u>	<u>3,724,806</u>
Segment profit (loss)	<u>74,563</u>	<u>(376,857)</u>	<u>(27,974)</u>	(330,268)
Share of results of associates				445
Unallocated corporate expenses				<u>(9,297)</u>
Loss for the year				<u>(339,120)</u>

## **5. SEGMENT INFORMATION – Continued**

### **Segment revenue and results – Continued**

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

Subsequent to the end of the reporting period, the management of the Group has been revisiting its strategy over the sales of E-commerce goods business, and has temporarily suspended the operation of the sales of E-commerce goods business. As such, no revenue is generated from sales of E-commerce goods for the period from 1 January 2024 to the date of approval for issuance of the consolidated financial statements.

The management of the Group does not intend to discontinue the operation of the sales of E-commerce goods business. Instead, under the new strategy of the sales of E-commerce goods business, the management of the Group is going to adopt an asset-light business model to operate the sales of E-commerce goods business by providing accurate traffic marketing services for overseas E-commerce customers via overseas short video platforms. The management of the Group believes that such business model will help to improve the operating cash flows of the Group. The management of the Group plans to resume the sales of E-commerce goods under the new business model and sell out the inventories kept at 31 December 2023.

### **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

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Impairment loss recognised in respect of:		
– intangible assets	–	2,330
– investments in film and television dramas	–	5,826
(Gain) loss on disposal of property, plant and equipment	(1,492)	2
Gain on disposal of right-of-use assets	(46)	–
Foreign exchange gains, net	(10,523)	(43,036)
(Gain) loss on fair value changes of financial assets at FVTPL	(904)	1,925
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	3,592	2,375
Others	340	524
	<u>(9,033)</u>	<u>(30,054)</u>

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

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Net impairment losses recognised in respect of:		
trade receivables	97,176	31,836
other receivables	13,438	10,381
loan receivables	13,161	8,739
	<u>123,775</u>	<u>50,956</u>

## 8. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Current enterprise income tax	141	77
Deferred tax	–	7,155
	<u>141</u>	<u>7,232</u>

## 9. LOSS PER SHARE

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

Loss figures are calculated as follows:

	Year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<b>784,166</b>	339,450

Number of shares:

	Year ended 31 December	
	2023	2022
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>2,369,427</b>	2,258,375

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the year ended 31 December 2023 and 2022 has been arrived at after deducting shares held by share award scheme under the trust as set out in note 18(a).

The computation of diluted loss per share does not consider the effect of non-vested shares under the share award scheme of the Company or the share award scheme of a subsidiary as set out in note 18 as they would result in a decrease in loss per share.

## 10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2023 and 2022.

## 11. INTERESTS IN ASSOCIATES

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of investments in associates	37,443	37,443
Share of post-acquisition profits and other comprehensive income	2,373	516
Exchange realignment	<b>(3,278)</b>	(2,761)
	<b>36,538</b>	35,198

## 11. INTERESTS IN ASSOCIATES – Continued

Details of the Group’s associates at the end of the reporting period are as follows:

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group As at 31 December		Principal activities
		2023 %	2022 %	
揚州平衡數字文化產業發展基金 (有限合夥) Yangzhou Pingheng Digital Cultural Industry Development Fund (Limited Partnership) ("Pingheng Fund") <sup>(i) (ii)</sup>	PRC	30.30	30.30	Investment in digital marketing/Internet culture industries
保利樂享文娛科技(北京)有限公司 Poly Joy Spreader Digi-Entertainment (Beijing) Co., Limited ("Poly Joy Spreader") <sup>(i) (iii)</sup>	PRC	10.00	10.00	Artist management and film production

Notes:

- (i) The English translation of the name is for reference only. The official name of this entity is in Chinese.
- (ii) The Group is able to exercise significant influence over Pingheng Fund because it has the power to appoint one out of the five committee members of Pingheng Fund’s investment decision committee which direct the relevant activities of Pingheng Fund according to the partnership agreement.
- (iii) The Group is able to exercise significant influence over Poly Joy Spreader because it has the power to appoint one out of five directors of Poly Joy Spreader under the articles of association of Poly Joy Spreader.

### Summarised financial information of the material associate

Summarised financial information in respect of the Group’s material associate is set out below. The summarised financial information below represents amounts shown in the associate’s financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in the consolidated financial statements.

## 11. INTERESTS IN ASSOCIATES – Continued

### Summarised financial information of the material associate – Continued

#### Pingheng Fund

	As at 31 December	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current assets	<u>53,709</u>	<u>54,498</u>
Non-current assets	<u>62,185</u>	<u>57,094</u>
	<b>Year ended 31 December</b>	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u>–</u>	<u>–</u>
Profit for the year	<u>5,940</u>	<u>567</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	As at 31 December	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net assets of Pingheng Fund	<u>115,894</u>	<u>111,592</u>
Proportion of the Group's ownership interest in Pingheng Fund	<u>30.30%</u>	<u>30.30%</u>
Carrying amount of the Group's interest in Pingheng Fund	<u>35,119</u>	<u>33,816</u>

#### Information of an associate that is not individually material

	Year ended 31 December	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The Group's share of profit	<u>58</u>	<u>273</u>
Carrying amount of the Group's interest in the associate	<u>1,419</u>	<u>1,382</u>

## 12. INVENTORIES

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
E-commerce goods	<b>108,681</b>	40,254

## 13. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Trade receivables	<b>368,272</b>	323,693
Less: Allowance for credit losses	<b>(145,280)</b>	(49,527)
	<b>222,992</b>	274,166
Deposits for expanding overseas E-commerce markets ( <i>note</i> )	<b>440,000</b>	954,000
Receivables on behalf of third parties as an agent	<b>49,991</b>	–
Receivables of income from investments in films and television dramas	<b>16,795</b>	17,039
Deposits paid to suppliers	<b>2,339</b>	2,351
Rental and other deposits	<b>6,268</b>	6,127
Other receivables	<b>16,842</b>	27,871
Less: Allowance for credit losses	<b>(26,203)</b>	(13,050)
	<b>506,032</b>	994,338
Total trade and other receivables and deposits	<b>729,024</b>	1,268,504
Analysis as		
Non-current	<b>5,192</b>	5,487
Current	<b>723,832</b>	1,263,017
	<b>729,024</b>	1,268,504

*Note:* In May and July 2022, the Group entered into several agreements with the largest overseas traffic supplier for expanding 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. Certain agreements expired in May 2023 were renewed to extend 12 months with the maturity date ending in May 2024.

During the current year, 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\$250,000,000 was offset against the Group's refundable deposits for expanding overseas E-commerce markets of the same amount. The above transactions are accounted for as a non-cash transaction.

During the year ended 31 December 2023, the Group decided not to operate business in certain countries, and deposits amounting to HK\$514,000,000 (2022: HK\$26,000,000), including the refundable deposits amounting to HK\$250,000,000 (2022: nil) as stated above, was refunded to the Group or offset by trade payables.

### 13. TRADE AND OTHER RECEIVABLES AND DEPOSITS – Continued

As at 1 January 2022, gross carrying amounts of trade receivables from contracts with customers amounted to HK\$455,810,000.

The Group usually allows a credit period of 30 to 180 days (2022: 15 to 120 days) to its customers with no collateral. Aging of trade receivables net of allowance for credit losses, is prepared based on invoice dates, which approximated the respective revenue recognition dates, are as follows:

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Within 3 months	108,023	141,117
3-6 months	52,600	42,255
7-12 months	62,369	46,016
1-2 years	–	44,778
	<u>222,992</u>	<u>274,166</u>

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amounts of HK\$67,656,000 (2022: HK\$133,049,000) which are past due as at that date. Out of the past due balance, HK\$52,464,000 (2022: HK\$30,045,000) has been past due 90 days or more and is not considered as in default because the amount is due from a number of independent reputable customers by considering the background of the debtors and historical payment arrangement. The Group does not hold any collateral or other credit enhancement over these balances.

### 14. PREPAYMENTS

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Prepayments for purchases of traffic ( <i>note a</i> )	492,911	684,893
Prepayments for consulting services	5,064	18,428
Other prepayments	1,345	3,428
	<u>499,320</u>	<u>706,749</u>
Analysis as		
Non-current	–	237,100
Current	<u>499,320</u>	<u>469,649</u>
	<u>499,320</u>	<u>706,749</u>

#### 14. PREPAYMENTS – Continued

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

	<b>Prepayments for purchases of traffic HK\$'000</b>
At 1 January 2022	1,182,368
Newly prepaid	819,121
Utilised	(487,310)
Transfer to deposits	(750,000)
Exchange realignment	(79,286)
	<hr/>
At 31 December 2022	684,893
	<hr/>
Newly prepaid	<b>355,710</b>
Utilised	<b>(386,430)</b>
Settlement ( <i>note b</i> )	<b>(150,000)</b>
Exchange realignment	<b>(11,262)</b>
	<hr/>
At 31 December 2023	<b>492,911</b>
	<hr/> <hr/>

*Notes:*

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

The Group's total advance payments to its largest traffic supplier composed of the deposits for expanding overseas E-commerce markets (see note 13) and prepayments for purchases of traffic. As at 31 December 2023, the Group's total advance payments to its largest supplier as a percentage of total assets was 50% (2022: 59%). Details of the percentage for the year are as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Advance to the largest supplier:		
Deposits for expanding overseas E-commerce markets ( <i>note 13</i> )	<b>440,000</b>	954,000
Prepayments for purchases of traffic	<b>492,911</b>	684,893
	<hr/>	<hr/>
	<b>932,911</b>	1,638,893
	<hr/>	<hr/>
Total assets	<b>1,868,777</b>	2,798,321
	<hr/>	<hr/>
Advance to the largest supplier as a percentage of total assets	<b>50%</b>	59%
	<hr/> <hr/>	<hr/> <hr/>

#### 14. PREPAYMENTS – Continued

Notes: – Continued

- b. During the current year, 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 reporting period, prepayments for purchases of traffic amounting to HK\$41,904,000 in aggregate were utilised up to 29 February 2024.

#### 15. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Trade payables	173,026	251,231
Employee compensation payable	11,345	11,927
Other tax payable	1,703	2,013
Accrued listing expense/shares issue costs	4,414	4,478
Payables for intangible assets	1,986	2,015
Other payables and accruals	12,093	22,668
	<u>204,567</u>	<u>294,332</u>

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

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Within 3 months	122,587	249,023
3-6 months	48,263	–
Over 1 year	2,176	2,208
	<u>173,026</u>	<u>251,231</u>

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

## 16. OBLIGATION ARISING FROM A FORWARD CONTRACT WITH NON-CONTROLLING INTERESTS

In May 2022, a subsidiary of the Group, Joy Spreader (Nanjing) Interactive Technology Co., Ltd (“**Joy Spreader Nanjing**”) and Pingheng Fund, an associate of the Group, entered into a series of agreements (the “**Agreements**”), pursuant to which, Joy Spreader Nanjing and Pingheng Fund established Yangzhou Joy Spreader Huayue Culture Technology Ltd (“**Yangzhou Huayue**”) in May 2022. Joy Spreader Nanjing holds 70% equity interests and Pingheng Fund holds 30% equity interests in Yangzhou Huayue. During the year ended 31 December 2022, RMB84,000,000 (equivalent to HK\$94,037,000) (2023: nil) and RMB36,000,000 (equivalent to HK\$40,294,000) (2023: nil) were injected to Yangzhou Huayue as capital injection by Joy Spreader Nanjing and Pingheng Fund, respectively.

According to the Agreements, Joy Spreader Nanjing has agreed to buy, and Pingheng Fund has agreed to sell, 30% equity interests in Yangzhou Huayue, being the entire equity interest of Yangzhou Huayue held by Pingheng Fund, before the end of a term of 36 months since the signing date of the Agreements, and the final date of repurchase is at the main discretion of Joy Spreader Nanjing. The consideration of repurchase shall be determined at the higher of (i) the sum of the investment principal and interests at a fixed interest rate of 9% per annum, less any dividend received from Yangzhou Huayue; and (ii) the proportion of the net assets value of Yangzhou Huayue at the date of repurchase.

At initial recognition, the obligation arising from a forward contract with non-controlling interests represents the present value of the obligation to deliver the share redemption amount amounting to HK\$40,294,000. This amount has been recognised in the consolidated statement of financial position with a corresponding debit to the non-controlling interests at initial recognition.

As at 31 December 2023, fair value of the obligation arising from the forward contract with non-controlling interests was HK\$45,632,000 (2022: HK\$42,676,000).

## 17. SHARE CAPITAL

	Number of shares		Share capital	
	2023 '000	2022 '000	2023 HK\$	2022 HK\$
Ordinary shares of HK\$0.00001 each				
Authorised				
At beginning and end of the year	<u>5,000,000</u>	<u>5,000,000</u>	<u>50,000</u>	<u>50,000</u>
Issued and fully paid				
At beginning of the year	<u>2,371,927</u>	2,185,268	<u>23,720</u>	21,853
Issue of shares ( <i>note</i> )	–	192,000	–	1,920
Cancellation of shares	–	(5,341)	–	(53)
At end of the year	<u>2,371,927</u>	<u>2,371,927</u>	<u>23,720</u>	<u>23,720</u>

## 17. SHARE CAPITAL – Continued

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Presented as	<u>24</u>	<u>24</u>

*Note:* Upon the completion of all conditions as stated in a placing and subscription agreement entered into by the Company, ZZN, the Company's ultimate holding company, and a placing agent dated 6 June 2022, (1) a total of 192,000,000 shares of the Company held by ZZN were placed at HK\$3.14 per share to not less than six places on 6 June 2022; and (2) a total of 192,000,000 new shares of the Company were subscribed by ZZN at HK\$3.14 per share on 16 June 2022. Net proceeds of approximately HK\$593,005,000, after deducting the underwriting fee of HK\$9,875,000, were received by the Company. Total issuance cost, including the underwriting fee, amounting to HK\$21,833,000 was deducted from share premium.

## 18. SHARE BASED PAYMENT TRANSACTIONS

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

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

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

During the year ended 31 December 2022, the Trustee purchased 2,752,000 shares (2023: nil) of the Company with a consideration of HK\$7,280,000 (2023: nil). The cost of the shares purchased was recognised in equity as treasury stocks.

During the year ended 31 December 2022, 4 participants were selected as the Selected Participants, and 52,240,000 shares were granted with an exercise price of zero. 49,740,000 shares were vested immediately at the date of grant and the remaining 2,500,000 shares shall be vested on 31 December 2023. As at 31 December 2022, 2,500,000 shares (2023: nil) of the Company were held by the Trustee.

## 18. SHARE BASED PAYMENT TRANSACTIONS – Continued

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

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

	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:					
Employee	2,500,000	–	(2,500,000)	–	–
	Outstanding at 1 January 2022	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2022
Shares granted to:					
Director	–	4,400,000	(4,400,000)	–	–
Employees	–	47,840,000	(45,340,000)	–	2,500,000
Total	–	52,240,000	(49,740,000)	–	2,500,000

During the year ended 31 December 2023, the Group recognised share-based payment expenses of HK\$3,338,000 (2022: HK\$70,659,000) in respect of these awarded shares. The weighted average fair value of the awarded shares is HK\$1.42 at the date of grant. The fair values for these awarded shares granted were calculated using the fair value of the Company’s ordinary shares on the date of grant.

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

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

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.

## 18. SHARE BASED PAYMENT TRANSACTIONS – Continued

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

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

	Outstanding at 1 January 2023	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2023
Shares granted to:					
Mr. Zhu Zinan	–	1,000	(200)	–	800

The awarded shares were priced using the value of shares of Joy Spreader International, which 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:

	<b>Year ended 31 December 2023 HK\$'000</b>
Risk free rate	3.26%
Expected volatility	57.05%
Weighted average expected life	0.8 year

During the year ended 31 December 2023, share-based payment expenses of HK\$2,960,000 (2022: nil) was recognised in the Group's consolidated statement of profit or loss in respect of the Joy Spreader International Share Award Scheme.

## 19. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the management of the Group has been revisiting its strategy over the sales of E-commerce goods business, and has temporarily suspended the operation of the sales of E-commerce goods business, details are set out in note 5.

## OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

### Contractual Arrangements

For the year ended December 31, 2023, the Board has reviewed the overall performance of the Contractual Arrangements and believed that the Group has complied with the Contractual Arrangements in all material respects.

On March 15, 2019, the Foreign Investment Law was considered and passed by the second session of the 13th Standing Committee of the National People's Congress and took effect on January 1, 2020. The Foreign Investment Law stipulates forms of foreign investment as below:

- (i) foreign investors set up foreign invested enterprises in China severally or jointly with other investors;
- (ii) foreign investors acquire shares, equity, properties or other similar interests in any domestic enterprise;
- (iii) foreign investors invest in new projects in China severally or jointly with other investors; and
- (iv) other types of investments as stipulated by laws, administrative regulations, or the State Council.

The Foreign Investment Law stipulates that the Negative List is applied in certain industry sectors. The Negative List set out in the Foreign Investment Law classified the relevant prohibited and restricted industries into the Catalog of Prohibitions and the Catalog of Restrictions, respectively. Where any foreign investor directly or indirectly holds shares, equity, properties or other interests in any domestic enterprise, such domestic enterprise is not allowed to invest in any sector set out in the Catalog of Prohibitions. Foreign investors are allowed to invest in sectors set out in the Catalog of Restrictions, subject to certain conditions. Foreign investors are allowed to invest in any sector beyond the Negative List and shall be managed on the same basis as domestic investments.

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in internet culture businesses and other related businesses. In particular, under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) which took effect on January 1, 2022, certain of the Group's performance-based marketing services fall into the internet culture businesses which is considered prohibited. To comply with PRC laws and regulations, the Group conducts our performance-based marketing in China through Beijing Joyspreader and its subsidiaries, based on a series of Contractual Arrangements by and among WFOE, Beijing Joyspreader and the Registered Shareholders. As a result of these Contractual Arrangements, the Group exerts control over Beijing Joyspreader and its subsidiaries and consolidates their results of operations into the Group's financial statements. Beijing Joyspreader and its subsidiaries hold the licenses, approvals and key assets that are essential for the operations of the Group's Relevant Businesses (as defined in the Prospectus). For the efforts made and actions taken by the Group in compliance with the qualification requirements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

As of the date of this announcement, there has been no update on the Foreign Investment Law and the Group has complied with the Foreign Investment Law and the implementation rules in relation to the qualification requirements.

Nevertheless, as disclosed above, even if the Company and its Shareholders have taken steps with the aim to meet the Qualification Requirements (as defined in the Prospectus), each of the Consolidated Affiliated Entities conducting Restricted Businesses (as defined in the Prospectus) must also hold the Online Culture Operating License which prohibits foreign investments, and therefore the Company would not be able to hold any equity interest in the Consolidated Affiliated Entities. In case that in future the Company or any of the Consolidated Affiliated Entities may provide value-added telecommunications services that require ICP License only, the Company will, where necessary, consider to set up new subsidiary(ies) or transfer the relevant business to proper subsidiary(ies) in order to directly hold the maximum percentage of ownership interests permissible under the relevant PRC laws and regulations.

### **Use of Proceeds from Listing**

The Company was successfully listed on the Main Board of the Stock Exchange on September 23, 2020. According to the relevant disclosures as set out in the Prospectus and the Announcement of Allotment Results, 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 (the “**Unutilized Proceeds from the Listing**”) are 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)	Approximate percentage of Original Net Proceeds from the Listing	Unutilized Original Net Proceeds from the Listing as of August 31, 2022	Reallocated Updated Net Proceeds from the Listing	Unutilized Proceeds from the Listing upon first reallocation	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2023	Utilized proceeds from the Listing upon first reallocation from January 1, 2023 to December 31, 2023	Unutilized proceeds from the Listing upon first reallocation as of December 31, 2023	Utilized proceeds from the Listing upon first reallocation as of the date of this announcement	Unutilized proceeds from the Listing upon first reallocation as of the date of this announcement	Expected timetable for the use of Unutilized Proceeds from the Listing
	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(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%	18.83	-	18.83	10.73	10.73	-	-	-	over the next one and a half years
(2) Will be used to expand our team;	61.45	4.10%	26.09	-	26.09	26.09	-	26.09	-	26.09	over the next one and a half years
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.50%	9.10	-	9.10	7.07	-	7.07	-	7.07	over the next one and a half 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%	32.16	-	32.16	32.16	-	32.16	-	32.16	over the next one and a half 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%	1.46	-	1.46	1.46	-	1.46	-	1.46	over the next one and a half years

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)	Approximate percentage of Original Net Proceeds from the Listing	Unutilized Original Net Proceeds from the Listing as of August 31, 2022	Reallocated Updated Net Proceeds from the Listing	Unutilized Proceeds from the Listing upon first reallocation	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2023	Utilized proceeds from the Listing upon first reallocation	Unutilized proceeds from the Listing upon first reallocation	Utilized proceeds from the Listing upon first reallocation	Unutilized proceeds from the Listing upon first reallocation	Expected timetable for the use of Unutilized Proceeds from the Listing
							from January 1, 2023 to December 31, 2023	from the Listing upon first reallocation as of December 31, 2023	from the Listing upon first reallocation as of the date of this announcement	from the Listing upon first reallocation as of the date of this announcement	
	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
To continue to strengthen our capabilities in performance-based mobile new media marketing services, the net proceeds:											
(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%	70.21	-	70.21	70.21	3.00	67.21	-	67.21	over the next one and a half years
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;	46.46	3.10%	22.06	-	22.06	22.06	22.06	-	-	-	over the next one and a half years
(3) Will be used to expand our interactive entertainment product offerings; and	121.41	8.10%	85.77	-40.00	45.77	45.77	-	45.77	-	45.77	over the next one and a half 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	-	22.48	22.48	-	22.48	-	22.48	over the next one and a half years

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) <i>(HK\$ million)</i>	Approximate percentage of Original Net Proceeds from the Listing <i>(%)</i>	Unutilized Original Net Proceeds from the Listing as of August 31, 2022 <i>(HK\$ million)</i>	Reallocated Updated Net Proceeds from the Listing <i>(HK\$ million)</i>	Unutilized Proceeds from the Listing upon first reallocation <i>(HK\$ million)</i>	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2023 <i>(HK\$ million)</i>	Utilized	Unutilized	Utilized	Unutilized	Expected timetable for the use of Unutilized Proceeds from the Listing
							proceeds from the Listing upon first reallocation from January 1, 2023 to December 31, 2023 <i>(HK\$ million)</i>	proceeds from the Listing upon first reallocation as of December 31, 2023 <i>(HK\$ million)</i>	proceeds from the Listing as of the date of this announcement <i>(HK\$ million)</i>	proceeds from the Listing upon first reallocation as of the date of this announcement <i>(HK\$ million)</i>	
<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	-	61.45	61.45	0.18	61.27	-	61.27	over the next one and a half 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	-38.97	-	-	-	-	-	-	over the next one and a half 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;	29.98	2.00%	14.80	+10.92	25.72	25.72	25.72	-	-	-	over the next one and a half years
(4) Will be used to develop overseas versions of our technology platforms; and	22.48	1.50%	7.66	+10.92	18.58	18.58	18.58	-	-	-	over the next one and a half years
(5) Will be used to expand overseas sales of E-commerce goods business.	-	-	-	+18.97	18.97	6.82	6.82	-	-	-	over the next one and a half years
<b>The net proceeds to develop our culture business:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>+60.00</b>	<b>60.00</b>	<b>60.00</b>	<b>-</b>	<b>60.00</b>	<b>-</b>	<b>60.00</b>	<b>over the next one and a half years</b>
<b>For our working capital and general corporate purposes:</b>	<b>149.88</b>	<b>10.00%</b>	<b>23.50</b>	<b>-</b>	<b>23.50</b>	<b>14.92</b>	<b>13.12</b>	<b>1.80</b>	<b>1.61</b>	<b>0.19</b>	<b>over the next one and a half years</b>
<b>Total</b>	<b>1,498.83</b>	<b>100.00%</b>	<b>434.54</b>	<b>21.84</b>	<b>456.38</b>	<b>425.52</b>	<b>100.21</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 (the “**Unutilized Net Proceeds from the Listing**”) are reallocated for the second time as follows:

The intended use of the net proceeds as described in the Prospectus	Net proceeds from the Listing upon first reallocation (including net proceeds from the exercise of the Over-allotment Option)	Approximate percentage of updated net proceeds upon first reallocation	Unutilized updated net proceeds as of the date of this announcement	Reallocation of proceeds from the Listing upon first reallocation	Proceeds upon second reallocation	Unutilized Proceeds from the Listing upon second reallocation	Approximate percentage of updated net Proceeds upon second reallocation	Expected timetable for unutilized proceeds
	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(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	33.61%	-	+30.00	541.11	30.00	35.59%	over the next one and a half years
(2) Will be used to expand our team;	61.45	4.04%	26.09	-10.00	51.45	16.09	3.38%	over the next one and a half years
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.46%	7.07	-	37.47	7.07	2.46%	over the next one and a half 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	17.45%	32.16	-20.00	245.29	12.16	16.13%	over the next one and a half 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	1.58%	1.46	-	23.98	1.46	1.58%	over the next one and a half years

The intended use of the net proceeds as described in the Prospectus	Net proceeds from the Listing upon first reallocation (including net proceeds from the exercise of the Over-allotment Option)		Unutilized updated net proceeds as of this announcement	Reallocation of proceeds from the Listing upon first reallocation	Proceeds upon second reallocation	Unutilized Proceeds from the Listing upon second reallocation	Approximate percentage of updated net proceeds upon second reallocation	Expected timetable for unutilized proceeds
	(HK\$ million)	Approximate percentage of updated net proceeds upon first reallocation (%)						
<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	7.00%	67.21	-60.00	46.42	7.21	3.05%	over the next one and a half years
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;	46.46	3.06%	-	+60.00	106.46	60.00	7.00%	over the next one and a half years
(3) Will be used to expand our interactive entertainment product offerings; and	81.41	5.35%	45.77	-40.00	41.41	5.77	2.72%	over the next one and a half 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	1.48%	22.48	-15.00	7.48	7.48	0.49%	over the next one and a half years

The intended use of the net proceeds as described in the Prospectus	Net proceeds from the Listing upon first reallocation (including net proceeds from the exercise of the Over-allotment Option)	Approximate percentage of updated net proceeds upon first reallocation	Unutilized updated net proceeds as of the date of this announcement	Reallocation of proceeds from the Listing upon first reallocation	Proceeds upon second reallocation	Unutilized Proceeds from the Listing upon second reallocation	Approximate percentage of updated net proceeds upon second reallocation	Expected timetable for unutilized proceeds
	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(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	4.04%	61.27	-55.00	6.45	6.27	0.42%	over the next one and a half years
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;	40.90	2.69%	-	+60.00	100.90	60.00	6.64%	over the next one and a half years
(3) Will be used to develop overseas versions of our technology platforms; and	33.40	2.20%	-	+30.00	63.40	30.00	4.17%	over the next one and a half years
(4) Will be used to expand overseas sales of E-commerce goods business.	18.97	1.25%	-	+20.00	38.97	20.00	2.56%	over the next one and a half years
<b>The net proceeds to develop our culture business</b>	<b>60.00</b>	<b>3.94%</b>	<b>60.00</b>	<b>-</b>	<b>60.00</b>	<b>60.00</b>	<b>3.95%</b>	<b>over the next one and a half years</b>
<b>For our working capital and general corporate purposes</b>	<b>149.88</b>	<b>9.85%</b>	<b>0.19</b>	<b>-</b>	<b>149.88</b>	<b>0.19</b>	<b>9.86%</b>	<b>over the next one and a half years</b>
<b>Total</b>	<b>1,520.67</b>	<b>100.00%</b>	<b>323.70</b>	<b>-</b>	<b>1,520.67</b>	<b>323.70</b>	<b>100.00%</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.

## **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.

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

During the twelve months ended December 31, 2023, neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities.

## **Final Dividend**

The Board does not recommend the payment of a final dividend for the year ended December 31, 2023 (2022: nil).

## **CORPORATE GOVERNANCE**

The Group 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 Part 2 of the CG Code as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of Part 2 of the CG Code during the year ended December 31, 2023, except for a deviation from the code provision C.2.1 of the CG Code, that the roles of Chairman and chief executive officer of the Company are not separated 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 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 the Board requires approval by at least a majority of the 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 the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in the Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of 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 above Model Code as of December 31, 2023. No incident of non-compliance of the above Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **AUDIT COMMITTEE**

The Board has established the Audit Committee. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tang Wei (Chairman), Mr. Fang Hongwei and Mr. Huang Boyang.

The Audit Committee has reviewed with the management and the external auditors of the Company the accounting principles and policies adopted by the Company, and discussed and reviewed internal control, risk management and reporting matters.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2023. The Audit Committee considered that the audited consolidated financial statements for the year ended December 31, 2023 complied with the applicable accounting standards, the Listing Rules and all other applicable legal requirements.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 28, 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **EVENT AFTER THE REPORTING PERIOD**

Subsequent to the end of the Reporting Period, the management of the Group has been reviewing its strategy for the sales of E-commerce goods business, and has suspended the operation of the sales of E-commerce goods business, details of which are set out in Note 5 to the audited consolidated financial statements.

Except for the event as disclosed above, the Group did not have any other significant events after the Reporting Period.

## **PUBLICATION OF THE ANNUAL RESULTS AND THE 2023 ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.joyspreader.com](http://www.joyspreader.com)), and the annual report for the year ended December 31, 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the above websites in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to all the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

## DEFINITIONS

“1P Traffic”	first-party traffic
“AIGC”	artificial intelligence generated content
“App”	mobile application
“Audit Committee”	the audit committee of the Board
“Beijing Joyspreader”	Beijing Joy Spreader Interactive Network Technology Group Co., Ltd (北京樂享互動網絡科技股份集團有限公司), a company established under the laws of the PRC with limited liability on October 9, 2008, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“China” or “the PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Beijing Joyspreader and its subsidiaries
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE, Beijing Joyspreader and the Registered Shareholders
“Director(s)”	the director(s) of the Company
“Foreign Investment Law”	the PRC Foreign Investment Law (《中華人民共和國外商投資法》)
“FVTPL”	fair value through profit or loss
“FVTOCI”	fair value through other comprehensive income
“GDP”	gross domestic product
“GMV”	gross merchandise volume

“Group”, “the Group”, “Joy Spreader Group”, “we” or “us”	our Company, its subsidiaries and the consolidated affiliated entities at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the subsidiaries of our Company or the businesses operated by its present subsidiaries (as the case may be)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“ICP License”	value-added telecommunications operating license (增值電信業務經營許可證)
“interactive entertainment product(s)”	interactive entertainment product(s), primarily comprising games and internet literature, etc.
“Joyspreader”, “Company”, or “We”	Joy Spreader Group Inc. (樂享集團有限公司) (formerly known as Joy Spreader Interactive Technology. Ltd (乐享互动有限公司)), a company incorporated in the Cayman Islands on February 19, 2019 as an exempted company with limited liability
“Joy Spreader International”	Joy Spreader International (HK) Limited (樂享國際有限公司), formerly known as Joy Spreader Interactive Group (HK) Limited, a company incorporated in Hong Kong on October 25, 2019 as a limited liability company and a wholly-owned subsidiary of us
“Listing”	the listing of the Shares on the Main Board on September 23, 2020
“Listing Date”	September 23, 2020, being the date on which the Shares were listed on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the Main Board of the Stock Exchange
“MCN”	multi-channel network, a product form of multi-channel network, is a new operation mode of internet celebrity economy
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules

“Negative List”	The List of Special Management Measures for the Market Entry of Foreign Investment (《外商投資准入特別管理措施(負面清單)》)
“Online Culture Operating License”	Online Culture Operating License (網絡文化經營許可證)
“Over-allotment Option”	has the meaning ascribed thereto in the Prospectus
“Prospectus”	the prospectus issued by the Company dated September 10, 2020
“PGC”	professional generated content
“R&D”	research and development
“Registered Shareholder(s)”	being Mr. Zhu Zinan, Nantong Pinghengchuangye Venture Capital Investment Centre (Limited Partnership) (南通平衡創業投資基金中心(有限合夥)), Beijing Zinan and his Friends Cultural Centre (Limited Partnership) (北京子南和他的小夥伴們文化中心(有限合夥)), Jiaxing Baozheng Investment Partnership (Limited Partnership) (嘉興寶正投資合夥企業(有限合夥)), Daoyoudao Technology Group Co., Ltd. (道有道科技集團股份公司), Nanjing Pingheng Capital Management Centre (General Partnership) (南京平衡資本管理中心(普通合夥)), Mr. Zhang Zhidi, Mr. Chen Liang, Mr. Guo Zhiwei, Ms. Xue Xiaoli, Ms. Zhu Xifen and Ms. Huang Huijuan, who are shareholders of Beijing Joyspreader
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the twelve months period from January 1, 2023 to December 31, 2023
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary shares in the share capital of our Company with the nominal value of HK\$0.00001 each
“Share Award Scheme”	the share award scheme adopted by the Board on June 21, 2021
“State Council”	State Council of the PRC (中華人民共和國國務院)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UGC”	user generated content
“WFOE”	Joy Spreader Interactive Group Co., Ltd (樂享互動集團有限公司), formerly known as Beijing Joy Spreader Interactive Technology Co., Ltd (北京樂享互動科技有限公司), a limited liability company established in the PRC on May 22, 2019 and a wholly-owned subsidiary of us

*In this announcement, the terms “associate”, “connected person”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

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

Beijing, the PRC  
 March 28, 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. Huang Boyang, Mr. Tang Wei and Mr. Fang Hongwei as independent non-executive Directors.*