JOY SPREADER

乐享集团

JOY SPREADER GROUP INC.

樂 享 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6988

2024

ANNUAL REPORT

Content

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhu Zinan（朱子南）
(Chairman of the Board and Chief Executive Officer)
Mr. Cheng Lin（成林）
Ms. Qin Jiaxin（秦佳鑫）

Non-executive Director

Mr. Hu Jiawei（胡家瑋）

Independent Non-executive Directors

Mr. Tang Wei（唐偉）
Mr. Fang Hongwei（房宏偉）
Mr. Huang Boyang（黃博揚）

AUDIT COMMITTEE

Mr. Tang Wei（唐偉）*(Chairman)*
Mr. Huang Boyang（黃博揚）
Mr. Fang Hongwei（房宏偉）

REMUNERATION COMMITTEE

Mr. Fang Hongwei（房宏偉）*(Chairman)*
Mr. Cheng Lin（成林）
Mr. Huang Boyang（黃博揚）

NOMINATION COMMITTEE

Mr. Zhu Zinan（朱子南）*(Chairman)*
Mr. Fang Hongwei（房宏偉）
Mr. Huang Boyang（黃博揚）

AUTHORISED REPRESENTATIVES

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

REGISTERED OFFICE

Office of Sertus Incorporations (Cayman) Limited
Sertus Chambers
Governors Square, Suite #5-204
23 Lime Tree Bay Avenue
P.O. Box 2547, Grand Cayman
KY1-1104, Cayman Islands

COMPANY'S HEADQUARTERS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and Registered PIE Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

JOINT COMPANY SECRETARIES

Ms. Qin Jiaxin（秦佳鑫）
Ms. Lin Sio Ngo（練少娥）

HONG KONG LEGAL ADVISOR

Han Kun Law Offices LLP
Rooms 4301-10
43/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

INVESTOR RELATIONS

Tel: (86)10-87726988
Email: investment@joyspreader.com

WEBSITE

www.joyspreader.com

STOCK CODE

6988

CHAIRMAN'S STATEMENT

Dear Shareholders,

2024 was a year of challenges and opportunities. Meeting difficulties head-on, Joy Spreader Group actively pursued solutions.

Domestically, the Group partnered with central state-owned enterprises (SOEs). Guided by the national policy on the digitalization of the cultural industry, we aligned our domestic business with central SOEs. Through establishing a mixed-ownership reform company, Poly Joy Spreader Digi-Entertainment (Beijing) Co., Ltd., (hereafter referred to "**Poly Digi-Entertainment**") with central SOEs, we leveraged their strategic position to integrated our domestic algorithm-based marketing technology and digitalization capabilities fully with Poly Culture's competitive businesses. This partnership has yielded commercial achievements across Artificial Intelligence (AI) + entertainment, Artificial Intelligence Generated Content (AIGC), and blockchain sectors.

Internationally, the Group expanded its footprint in Southeast Asia. Capitalizing on ASEAN's rise to China's second-largest export destination since 2023, we intensified efforts in the 3C E-commerce business in this market. We built our own 3C E-commerce platform, MARTOP, achieving a GMV of US$1.3 billion within two years of launch. The successful transition of our overseas business from big data to AI-driven algorithmic marketing delivered significant efficiency improvements across key areas including marketing, traffic placement, and product selection, substantially increasing our overseas e-commerce GMV.

From a business perspective, the Group invested heavily in computing power and algorithm capabilities to embrace the AI era. Building on a decade of technological expertise, the Group has accumulated capabilities for processing massive data and developing algorithm models. By incorporating advanced AI models from both domestic and global sources, we developed proprietary computing power, an AI model knowledge library, and specific AI models, allowing us to evolve from an algorithm-driven to vertical AI model-driven marketing technology company.

Regarding strategic capital management, the Group's continuous R&D investments and business transformation resulted in suboptimal financial performance in the past two years. When coupled with economic cycle fluctuations and capital market sentiment volatility, the Group's valuation remained subdued. Nevertheless, we are actively pursuing solutions by engaging with strategic investors and business partners, securing new capital and assets, and expanding into new business segments to enhance financial performance and restore market confidence.

Based on the above strategic direction, I would like to highlight the Group's several achievements in AI:

Marketing Business: Transition from Algorithm Model-Driven to AI+ Algorithm Model-Driven

Drawing on the Group's years of expertise in the advertising industry and digital marketing, we have accumulated massive data resources and deep algorithmic technology experience, establishing a robust foundation for the development of AI vertical models. Significant investments in AI computing power and algorithms have enabled us to upgrade our algorithmic marketing approach from big data-driven to AI-driven, resulting in a marked increase in our overseas e-commerce GMV.

Blockchain Business

The Group has fully integrated its domestic business with the business of Poly Digi-Entertainment. As an industry pioneer, Poly Digi-Entertainment has established partnerships with the Group and JDT. Leveraging the Group's AI algorithm marketing model, JDT's underlying blockchain technology, and Poly's strategic role as a central SOE, we jointly developed a national leading AI blockchain platform. Additionally, "Kong Jian", a digital asset service platform for film and television culture and entertainment contents with our own intellectual property rights, successfully issued multiple NFT collections, achieving a GMV exceeding RMB2.4 billion in 2024. Key directions for this business include national digital storage services, basic core data services for the inclusion of data assets into financial statements and digital asset valuation for both companies and institutions, and basic data services for the trading of domestic data assets on overseas compliant virtual data business trading platform.

AIGC Business

Harnessing cutting-edge 3D holographic display technology, the Group partnered with Poly Digi-Entertainment to integrate our proprietary AIGC model and the holographic system, creating the first-ever holographic AI virtual human. This product was showcased at prominent events such as the 2024 China International Fair for Trade in Services and the 2024 Third Global Digital Trade Expo.

In film and television production, the Group and Poly Digi-Entertainment leveraged AIGC technology to empower the entire workflow from pre-production to post-production, slashing production costs while boosting efficiency and quality. This technological breakthrough created a solid foundation for their presence in the short-to-medium play market. Notably, the Group has extended AIGC technology from short plays to films and yielded notable achievements. At the 37th Golden Rooster Awards ceremony, the film Another Day of Hope produced by Joy Spreader Group was honored the Best Small– and Medium-Budget Feature Film for its innovative application of AIGC technology. This accolade marked the Group's milestone in the field of AIGC technology and charted a course for technological transformation in future film and television production.

Data Asset Model Development Capability

As an industry pioneer, Poly Digi-Entertainment actively aligned with digital economy trends and national policies by leveraging the Group's AI expertise to advance the inclusion of data assets into financial statements and building a proprietary data asset management system. At the end of 2024, Poly Digi-Entertainment successfully completed its inaugural inclusion of data assets into financial statements as the first central cultural SOE, establishing its core competitive edge in the digital entertainment sector.

AI+ Industry-Specific Model R&D Capability
Building upon the Group's vertical AI model R&D capability, Poly Digi-Entertainment has completed full-chain design for AI models in mental healthcare and participated in R&D for AI model systems and data assets in this field, driving innovation in smart healthcare. Moving forward, we will deepen our strategic partnership with Poly Digi-Entertainment to create AI+ industry-specific models, enabling more companies to achieve AI upgrading and high-quality development.

In 2024, the Group's Board of Directors and senior management maintained strategic focus, steering the workforce to implement established strategies under the general principle of pursuing progress while ensuring stability. Our journey, defined by determination and resilience, has yielded hard-earned achievements that position us for a promising future.

As digitalization continues to flourish, the Group is seizing this historic opportunity with unwavering resolve and an entrepreneurial spirit. We remain dedicated to empowering customers with digital technology, delivering greater value, and collaborating with our shareholders to forge a brighter future together.

Mr. Zhu Zinan
Chairman and Chief Executive Officer

FINANCIAL HIGHLIGHTS

The audited consolidated annual results of the Group for the year ended December 31, 2024 together with comparative figures for the corresponding period in 2023 are as follows:

FINANCIAL RESULTS HIGHLIGHTS

	For the year ended December 31,		Year-on-year changes
	2024	2023	Increase/(Decrease)
	(HK$ in millions, except for percentages)		
Revenue	**113.31**	5,083.99	(97.77)%
Gross profit	**1.05**	459.57	(99.77)%
Loss for the year attributable to owners of the Company	**(1,068.48)**	(784.17)	36.26%
Net loss margin	**(942.97)%**	(15.42)%	(927.55)[1]
Loss per Share			
– Basic (HK cents)	**(45.05)**	(33.10)	36.10%
– Diluted (HK cents)	**(45.05)**	(33.10)	36.10%

Note:

(1) Changes in percentage points.

Highlights of the Group's operational results for the year ended December 31, 2024, together with comparative figures for the corresponding period in 2023, are as follows:

OPERATIONAL RESULTS HIGHLIGHTS

	As of December 31 or for the year ended December 31,		Year-on-year changes
	2024	2023	Decrease
Overseas sales of E-commerce goods business			
Sales (HK$ million)	**32.80**	4,587.90	(99.29)%
Algorithm-based marketing business			
GMV of domestic short video platform E-commerce marketing (HK$ million)	**22.04**	539.09	(95.91)%
Number of paid actions of interactive entertainment products marketing[1] ('000)	**24,242**	77,952	(68.90)%
Average revenue per paid action (HK$)	**2.46**	2.54	(3.15)%

Note:

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

FIVE YEAR FINANCIAL SUMMARY

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

	Year ended December 31,				
HK$'000	**2024**	2023	2022	2021	2020
Revenue	**113,313**	5,083,992	3,724,806	1,395,894	923,916
Gross profit	**1,049**	459,573	436,964	451,853	301,557
(Loss) profit before tax	**(1,107,251)**	(793,102)	(331,888)	241,720	133,357
(Loss) profit for the year	**(1,107,321)**	(793,243)	(339,120)	244,642	138,679
(Loss) profit for the year attributable to owners of the Company	**(1,068,481)**	(784,166)	(339,450)	244,642	138,679
Total comprehensive (expense) income for the year	**(1,159,689)**	(844,492)	(570,215)	309,269	254,104
Total comprehensive (expense) income for the year attributable to owners of the Company	**(1,119,518)**	(835,656)	(570,545)	309,269	254,104

	As at December 31,				
HK$'000	**2024**	2023	2022	2021	2020
Non-current assets	**94,839**	160,856	423,088	155,621	89,580
Current assets	**727,391**	1,707,921	2,375,233	2,304,654	2,191,073
Current liabilities	**390,567**	220,236	309,740	138,322	106,228
Non-current liabilities	**12,503**	72,454	74,300	3,724	15,463
Total equity	**419,160**	1,576,087	2,414,281	2,318,229	2,158,962

CORPORATE PROFILE

- ## Overview

Under the clear guidance of the national direction for the digital construction of cultural industry, the Group has completed its strategic transformation in 2023, realized the comprehensive business integration of its domestic business with a mixed-ownership reformed company established by a central state-owned culture enterprise, and by harnessing a dual-engine approach of "technology and culture", the Group successfully created a new culture and entertainment industry focusing on high-quality content, driven by technological innovation and combined with multiple scenarios.

In 2024, spurred by the national "AI+" policy initiative, the Group capitalized on years of accumulated data algorithms and large models, as well as extensive AI and marketing experience from a prominent international short-video platform. With robust capabilities in developing specialized AI models, the Group boasts a first-mover advantage in technical expertise and data accumulation, fully empowering the Group to achieve AI transformation and upgrading, thereby accelerating our digital transformation and fostering our high-quality development.

As an industry frontrunner, Poly Joy Spreader Digi-Entertainment, a company established through our mixed-ownership reform with a cultural central state-owned enterprise, boasts its own proprietary blockchain system. The company actively aligns with the trends of the digital economy era and adheres to relevant national policies. It is vigorously advancing the inclusion of data assets into financial statements and has established its own data asset management system, achieving notable successes. By the end of 2024, Poly Digi-Entertainment had successfully completed its first data asset inclusion in financial statements, marking the first instance of a state-owned cultural enterprise achieving this milestone. This accomplishment has solidified the company's core competitive advantage within the digital entertainment sector.

Based on the Group's AI vertical research and development capability, Poly Digi-Entertainment has completed the full chain design in the vertical model of AI psychiatric medical field to participate in the research and development of psychiatric medical AI model system and data assets, assisting medical institutions to realize accurate AI consultation. With AI algorithms, the Group assists doctors by providing professional treatment plans, establishes efficient depression screening mechanism, and collects data for database of hospitals and creates AI model data products to promote the innovative development of smart healthcare.

In 2024, relying on proprietary AIGC capabilities of Poly Digi-Entertainment, significant breakthroughs have been achieved. The innovative applications of this technology were showcased in two award-winning films at the 37th Golden Rooster Awards ceremony. Currently, the Group is accelerating the development of a portfolio of short and medium-length dramas and interactive game products based on AIGC technology. We are continuously expanding new digital businesses that combine film, television, entertainment, and internet technology, aiming to achieve a deep integration of cultural value and technological innovation.

For overseas E-commerce platform business, the Group decided in 2023 to curtail the original trade business model of purchasing goods for sale to give full play to the core competitive advantage of its algorithm- based technology, achieving initial results in 2024. The Group has focused on the interest-based algorithm to provide accurate performance-based marketing traffic promotion technology services for overseas short video E-commerce platforms, and further improved the operating cash flow performance of overseas E-commerce business. Relying on this decision, the Group has accumulated extensive industrial experience in overseas E-commerce business over the past two years and proactively adjusted its business model, so as to provide a long-term sustainable development approach for the Group in the future.

I. Our Business

(I) Domestic culture and entertainment technology business

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

Technological Innovation AI Digital Business

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

(1) Co-develop proprietary blockchain with Poly and JDT

Based on its own blockchain "Poly Digi-Entertainment Chain" technology, Poly Digi-Entertainment has launched "Kong Jian", a digital asset service platform for film and television culture and entertainment contents. "Kong Jian" is a digital asset service platform for film and television culture and entertainment contents independently operated by Poly Digi-Entertainment with independent intellectual property. As a middle platform operator of the platform, the Company will be fully responsible for the actual operation of the platform, including IP (intellectual property) introduction, customer acquisition, platform promotion and other specific businesses. At present, the major function of "Kong Jian" is to provide digital asset services, including but not limited to customer value-added and consumption probing. Based on 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）("**Head Collect Digital**") held a strategic signing ceremony to jointly create a new model in the field of digital copyright collections based on the common development direction and innovation pursuit. Poly Digi-Entertainment relies on the central SOE's own blockchain "Poly Digi-Entertainment Chain" to provide underlying technical support and innovative solutions for "sport star card", the digital collection certificates of Head Collect Digital. Currently, "sport star card" digital collections have been launched in "Head Collect" APP. In the future, "Kong Jian" will serve as a multi-scenario and multi-level integrated digital service platform. In addition to digital asset services, it will also expand a series of digital businesses such as virtual human and meta-universe, allowing a wider range of digital asset application scenarios accessible to users.

(2) First precedent of inclusion of data assets of state-owned cultural central enterprise into financial statements

As an effort to proactively respond to the development trend of the digital economy and relevant national policies, Poly Digi-Entertainment leveraged the Group's AI capabilities to advance inclusion of data asset into financial statements and establish a proprietary data asset management system, and significant results have been achieved. As of the end of 2024, Poly Digi-Entertainment successfully completed its first inclusion of data assets into financial statements, marking the first such case by a state-owned cultural central enterprise. This strengthens its core competitive advantages in the digital entertainment sector and further promotes the growth of data asset-related businesses. The Group will leverage its strategic position as a Hong Kong-listed company to collaborate with Poly Digi-Entertainment to lay a robust foundation for the development of our digital assets in international virtual digital product trading markets such as Hong Kong.

The capitalization and inclusion in the financial statements of these data resources encompasses operational analytics, AI intelligence, and image creation, involving business domains such as blockchain, AI, and digital IP. The capitalization successfully passed evaluations by authoritative institutions for data compliance, data quality, and data asset valuation, along with a dedicated audit. Additionally, the property rights registration was completed at the Shenzhen Cultural Assets and Equity Exchange.

(3) Cultural entertainment AI vertical model

Based on the data algorithm capability of the Company and relying on the high-quality digital original contents and IP resources of Poly Culture Group, the presentation, distribution and production of cultural and entertainment products of the culture and entertainment technology business will take full advantage of open-source AI 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 service, graphic output, short video AIGC, AIGC script generation, and the exploration and development of pre-production static and dynamic storyboards and post-production special effects.

The Company and Poly Digi-Entertainment jointly developed holographic display system, which enables the integrated application of AIGC and holographic display, and, in combination with self-developed digital humans, realizes the immediate interaction with users, thus having vast application and development potential in vertical fields such as digital window display, clothing industry, digitization, performance live broadcasting, museum, and exhibition industry. From April 30 to May 14, 2024, Poly Digi-Entertainment's holographic display system appeared in the postgraduate exhibition of the School of Art Management & Education, Central Academy of Fine Arts to provide whole-process digital human guide service for the exhibition. Additionally, the holographic display system and AIGC digital humans were showcased at prominent events such as the 2024 China International Fair for Trade in Services and the 2024 Third Global Digital Trade Expo.

During the film and television production cycle in 2024, the Group and Poly Digi-Entertainment leveraged AIGC technology to holistically empower the entire workflow from pre-production ideation to post-production refinement. This integration significantly reduced production costs while enhancing efficiency and quality. The technological breakthrough has laid a robust foundation for expanding the Group's and Poly Digi-Entertainment's footprint in the short-to-medium series market. Notably, the Group has now extended AIGC applications from short-form series to field of films, and has made remarkable progress.

At the 37th Golden Rooster Awards ceremony, the film "Another Day of Hope" (《又是充滿希望的一天》), which was produced by the Group, received the "Best Low to Medium-Budget Feature Film" award for its application of AIGC technology. This achievement marks a significant milestone in the Group's advancements in AIGC innovation and pioneers new pathways for technological transformation in future film and television production.

(4) Development of AI+ industry-vertical model

In terms of AI-powered mental healthcare vertical model, leveraging the Group's AI vertical R&D capabilities, Poly Digi-Entertainment has completed full-chain design and development of AI-powered large model system for mental healthcare and its data assets. This empowers medical institutions to realize precise AI-assisted diagnostics, utilizes AI algorithms to support clinicians in delivering professional treatment plans, and establishes efficient depression screening mechanisms. Additionally, it streamlines the organization of databases of hospitals and creates data-driven AI model products, driving innovation in smart healthcare solutions.

(5) Digital marketing business

(a) Online marketing

Based on Poly Culture's rich experience in government and SOEs and central SOEs 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, SOEs and central SOEs and private enterprises, aiming to combine traditional publicity contents with digital marketing to improve publicity penetration and broaden social influence.

Currently, we have expanded our customer portfolio to central SOEs such as China State Construction and Poly Group. For example, we undertook the planning and filming of the brand story of China Poly Group, interviewed and filmed the aiding-Ninglang project of Nokia Shanghai Bell of Poly Huaxin. We also produced documentaries on entrepreneurs in Zhaotong, Yunnan, and promotional videos for Poly International. We reached a long-term cooperation with South China Investment Company of China Construction Eighth Engineering Division for the planning of brand projects, shooting of brand films and introduction of cultural and artistic resources.

(b) Offline marketing

Poly Digi-Entertainment reached a cooperation agreement with Minsheng Bank to jointly create co-branded credit cards in the cultural sector. This collaboration aimed to lead industry innovation through a "finance + culture" cross-sector synergy model, stimulating new trends in cultural consumption and supporting the digital transformation of the cultural industry. As an effort to fortify the connectivity and interactivity among business segments across the system such as Poly Culture and Poly Property, we hosted Poly Development's "Jade Seeing the Gentleman – Qing Court Jade Exhibition"(玉見君子一清代宮廷玉器展)in Chengdu, Sichuan Province, which combined the exquisite courts jades from Poly Art Museum with the brand promotion of property projects to promote the integration of property business with culture and art.

Cultural And Entertainment Content And Derivatives Business

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

(1) Short-drama business

As one of the first companies to deploy short video platform business, the Company has been developing in the short video sector for many years. By virtue of its advantage in the forward-looking deployment in short play sector, the Company has completed the shooting work of a number of short plays involving a variety of types, and has accumulated a wealth of experience. As a professional cultural industry group among China's central enterprises, Poly Culture owns a strong reserve of IP resources, film, television and performing talent resources and diverse content production experience. Capitalizing Poly Culture's resource advantages and the Company's many years of experience in short-video production, the Company collaborated with the Youku platform on the horizontal short drama "Reignite" (《重燃》). Related topics for this drama garnered over 700 million views on new media platforms. The Group plans to launch our own short-drama platform – "Red Fox", dedicated to providing users with exciting, high-quality short-video content and high-quality experience under the principle of equal focus on originality, story and emotion to strive to touch the hearts of audiences with each piece of work.

(2) Film and television presentation

Through Poly Film's full industry chain layout in the film industry, Poly Digi-Entertainment focuses on the diversified development of film and television business and digital business, and actively explores the presentation, distribution and production of film and television works. Our culture and entertainment technology business will take advantage of the mechanism to participate in the presentation and distribution of film and television works, create and enrich the Company's own IP, and form 1P Traffic cluster of the Company by culture empowering the industry. In 2024, the culture and entertainment technology business segment has presented and produced films such as "You are by my side" (《你就在我身邊》), "Lion Dance Sisters" (《高椿獅妹》), " Operation Macau" (《澳門行動》), "Space Knight" (《太空騎士》), and "Another Day of Hope" (《又是充滿希望的一天》).

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

The lion head, an intangible cultural heritage, and cultural and creative products of "Lion Dance Sisters" (《高椿獅妹》), a film first presented and mainly produced by Poly Digi-Entertainment, appeared on the exhibition site and was reported by CCTV's "Xinwen Lianbo" (《新聞聯播》), "LIVE NEWS" (《新聞直播間》) and other programs.

In November 2024, the film "Another Day of Hope" (《又是充滿希望的一天》) won the Best Low to Medium Budget Feature Film Award at the 37th China Golden Rooster Awards.

(3) Film, television and game interactive entertainment

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

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

We make full advantage of Poly Culture's film and television strengths and film and tourism interconnections to develop film-empowered offline culture and tourism, which integrates high-quality IPs in films and television shows, and top-notch content productivity with the culture of cities all over China, and creates a variety of integrated businesses, such as film-themed interactive entertainment, culture and tourism performances and activities, theme restaurants, incubation of cultural IP derivatives, and celebrity inns, to support the publicity and development of the relevant cities.

Meanwhile, the Company has reached preliminary cooperation with governments in many places in respect of scenic area upgrading and construction planning and consulting, including the entering into of a contract for the preliminary planning of Wuxi Yangxi Cultural City, which is currently in operation. Additionally, Poly Digi-Entertainment won the bid for the operation of the Zanhuang Space Capsule Homestay project and entered into deep collaboration with Zanhuang County to jointly promote the upgrade and diversified development of the cultural tourism industry.

(5) MCN business

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

(6) Artist agency

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

The Company selects suitable contracted artists for our clients based on their market positioning, image, interests and past and current endorsements and arrange commercial activities and entertainment content activities for the contracted artists and artist groups through our commercial agents and executive agents. At the same time, the Company also arranges for our contracted artists to participate in various promotion activities of corporate clients, including social media promotions, live E-commerce and offline business promotions, including but not limited to offline commercial events such as Hermès Spring-Summer 2024 runway show and LIFEIDEA's 20th anniversary show, film and television projects such as "OUR HOMELAND (《我們的河山》)", "Submerged Deep"(《潛淵》), "SHADOW" (《天馬流星》), "Life Crisis" (《生死危機》), "Sniper Butterfly" (《狙擊蝴蝶》),"Crime Crackdown" (《打黑》), "The Flunky" (《鷹犬》), "The Ingenious One II" (《雲襄傳之將進酒》), variety shows such as "CCTV Spring Festival Gala" (《央視春晚》), "Run for Time" (《全員加速中》), "Funny Team" (《萌探2024》), "The fifth season of Youth Travel" (《青春環遊記5》), "Young Island"(《島嶼少年》), "Have Fun"(《嗨放派》), "Tasty life"(《美食告白記》), "12 Hours in the Capital"(《京城十二時辰》), "100 destinations to go"(《此生要去的100個地方》), and "Dual Lanes in Macau" (《澳門雙行線》), as well as online live events such as the "Asian Cup Trip to Qatar"(卡塔爾亞洲盃之行)and "Euro 2024 Commentary Line-up"(歐洲杯盃解説嘉賓). We participated in media shoots and activities, including magazine cover shoots for Business Weekly (《商業周刊》), Phoenix Life (《鳳凰生活》), and Health (《健康》); participated in commercial shoots, including Zeekr car advertisement, and Land Rover car advertisement. We also participated in live streaming events, including commentary for MiGu UEFA European Championship, "Champions Are Here"(冠軍來了), which is a Olympic special program initiated by People's Daily, and Indonesia Masters 2024.

(II) Domestic interest-based algorithm marketing business

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

"Customized content and products" is a summary of the algorithm-based marketing business of the Company. In short, based on the new media platforms, we not only follow the principle of personalized content recommendation, but further deepen to the level of personalized product recommendation. By building our private data analysis system, the Company analyzes products, content and users and establishes modeling for them, forms data labels, and uses recommendation algorithms and middle platform technology to accurately recommend products to consumers on new media platforms and bills customers based on transformation effectiveness. In 2024, for the short video platform E-commerce marketing business, we helped customers sell goods in an aggregate amount of HK$22.04 million on Douyin platform; and for the digital distribution of online products business, we helped customers achieve effective paid actions of 24.24 million times in 2024, including top-up, download, installation, etc..

In the second half of 2024, in view of the rise of AI technology, the Company demonstrated keen industry insight by actively embracing change. It decisively stepped out of its comfort zone of traditional technological advantages and fully committed to the domain of AI-based application-level product services. Leveraging its deep technical expertise and mature data models, the company strategically laid out plans to build a unique AI application service system, driving the transformation and continuous growth of its business.

In 2024, the Company focused on three core areas:

Deepening platform cooperation to stabilize business foundations: the Company continuously optimized strategic partnerships with major platforms. Through comprehensive and in-depth collaboration, the Company ensured stable operations while leveraging the platforms' forward-looking perspectives to accurately grasp market dynamics, providing more targeted and exceptional services to clients.

Innovating proxy recharge services to optimize cash flow management: to enhance capital operation efficiency, the Company innovatively launched proxy recharge services. This model not only expedited the recovery of funds from clients but also boosted client activity and loyalty through advanced algorithmic recommendations, further solidifying the Company's market competitiveness.

Increasing investment in AI R&D to increase pipeline core technological capabilities: the Company consistently increased its investment in research and development of AI technology. By establishing specialized AI laboratories, it steadily accumulated technical strength, gradually building a comprehensive AI technology reserve system, laying a solid foundation for future business growth.

Looking ahead to 2025, the Company has set clear strategic goals as follows: to complete the comprehensive construction of its AI application service system and achieve profitability. By offering a series of innovative AI-based productized services, the Company aims to further enhance customer experience, expand its market presence, and drive its business towards high-quality development.

58.6% 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:

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

- Profit model:

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

- Main services:

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

- Main service area: Mainland China

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

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

After four years of development since Joy Spreader Group commenced its international business overseas in 2021, Joy Spreader International has made remarkable achievements in the consumer electronic products field in Southeast Asia by successful deployment and establishment of overseas distribution network, covering more than 400 distributors and over 1,000 terminal sales channels. As of the end of 2024, the cumulative GMV exceeded US$2.3 billion, reflecting its strong competitiveness in the regional market.

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

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

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

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

II. The Industry Where We Operate

1. Concept of AIGC

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

2. Concept of Web3.0

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

3. Film and television entertainment segment

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

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

4. Concept of short video

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

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

5. Short play concept segment

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

6. Internet marketing segment

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

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

7. Big data segment

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

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

8. Overseas E-commerce of electronic products segment

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

III. Our Strengths

(I) Clear industry prospects and vast market space

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

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

(a) Artificial intelligence technology is experiencing rapid development

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

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

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

(c) *China's short video platform E-commerce market is 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) *Adoption of a technology-orientated asset-light service model*

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

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

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

(II) Leveraging on the advantages of mixed ownership reform of a central SOE

The collaboration between the Company and the company established under the mixed-ownership reform of a central state-owned culture enterprise enables the Company to enter the cutting-edge and high-potential business areas like Web3.0, blockchain, and culture and entertainment content production under the guidance and management of the central SOE. This mode of collaboration not only greatly broadens the customer base and business scope of the Company, but also lays a solid foundation for the long-term development of the Company. As a professional central SOE engaged in the culture industry, our partner not only possesses professional PGC production capabilities, but also has unique advantages in terms of industrial resource integration, and risk control and compliance. In the future, we will leverage the PGC content and stars conform to domestic policies, as well as MCN network content and celebrities under the cooperation framework to cultivate our 1P Traffic and fans and facilitate our new business expansion.

(III) First-mover advantages of data and model algorithm

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

MANAGEMENT DISCUSSION AND ANALYSIS

• Overview of Results for the Year

• Culture and Entertainment Technology Business

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

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

• Overseas E-commerce Business

In 2024, the Group recorded revenue of HK$32.80 million from overseas sales of E-commerce goods business, representing a decrease of 99.29% as compared with HK$4,587.90 million in 2023. The decrease in revenue from such business was mainly attributable to the strategy adjustment of the Group's overseas E-commerce business at the end of 2023, which transformed the asset-heavy business model of purchasing inventory goods for overseas sales in the past to the asset-light business model of providing accurate marketing services on overseas short video platforms based on interest-based algorithm, and focused on MARTOP, a self-owned E-commerce platform, as the core transaction negotiation platform to accurately attract traffic by providing transaction lead and continuously utilizing overseas short video platforms. We conducted continuous testing on our new matchmaking model in 2024 and did not charge commissions and service fees on suppliers and distributors, resulting in a significant decrease in revenue during the period.

In 2024, the GMV of overseas E-commerce transactions completed under assistance of the Group on its own E-commerce platform, MARTOP, reached US$1,363 million, representing a significant increase of 132.59% as compared to the GMV of overseas E-commerce transaction of US$586 million realized in the same period last year. The Group will focus on asset-light business mode, provide customers with accurate traffic promotion through overseas short video platforms, and build a long-term and sustainable moat.

- Algorithm-Based Marketing Business

  - Interactive Entertainment and Digital Product Marketing

    In 2024, the Group recorded revenue of HK$56.93 million from interactive entertainment and digital product performance-based marketing services, representing a decrease of 69.48% as compared with HK$186.56 million of the same period last year, which was due to the tightened regulatory approval of game licenses and paid literature in China, which led to restrictions on such business, therefore the revenue from this business decreased as compared to the same period last year.

  - Short Video Platform E-Commerce Marketing

    In 2024, the Group achieved GMV of domestic short video platform E-commerce marketing of HK$22.04 million, representing a decrease of 95.91% as compared with HK$539.09 million in 2023; in particular, revenue from domestic E-commerce products marketing of HK$20.88 million was recorded in 2024, representing a decrease of 93.19% as compared with HK$306.66 million in 2023, which was mainly attributable to the continuous reduction in customer demand and budget due to current relatively sluggish marketing environment of the overall industry in China, resulting in a decrease in the revenue of the business as compared to the same period last year.

- Progress on R&D

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

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

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

- ## Business Development for 2025

a. Deepening cooperation with Central SOEs explore new business fields in China

Guided by the national policy on the digitalization of the cultural industry, the Group aligned its domestic business with central SOEs, establishing a mixed-ownership reform company, Poly Digi-Entertainment, with central SOEs. Leveraging this mixed-ownership reform platform, the Group maximized the central SOEs' strategic position to fully integrate domestic algorithm-based marketing technology and digitalization capabilities fully with Poly Culture's competitive businesses, commercializing several achievements within two years. Notably, commercial success was produced across AI + entertainment, AIGC, and blockchain sectors.

We will carry forward steadily the implementation of business with central enterprises as strategic partners, and committed to building high-quality self-owned content and traffic system through multiple channels to enhance the Group's customer service capabilities and profitability. At present, we have launched a number of cooperative projects in the incubation of film and television entertainment contents, online publicity, digital asset business, digitalization of E-commerce product of state-owned and central enterprise, clarified the investment and production of national key film and television projects, creating the first MCN of central enterprises and other cooperative direction.

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

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

b. Expand E-commerce Business in Overseas Market

The E-commerce business based on the interest-attracted traffic of an overseas famous short video platform is one of the strategic priorities of the Group. In 2025 and beyond, we will continue to pay attention to the characteristics of overseas sales of E-commerce goods and the market environment, while taking our own E-commerce platform, MARTOP, as the core trading and consultation platform, so as to achieve optimization and improvement of our trading model by providing trade leads as well as constantly and accurately attracting traffic through overseas famous short video platform. The overseas sales of E-commerce goods business of the Group has been launched in many countries in Southeast Asia. We are now focusing on the vertical sectors of E-consumer, intensifying our development in Southeast Asia market and building a complete overseas supply chain and online and offline payment system, striving to proactively explore further source of suppliers, expand the SKU of the platform and help outstanding domestic products to be sold overseas. With constantly improved transaction process and higher accuracy of traffic acquisition, the suppliers show significantly boosted participation enthusiasm. Such positive feedback from the market amply demonstrates the effectiveness of our transformation strategy and the market potential. Through these efforts, we have not only stabilized the ever-changing market environment, but also exploited further growth potential in Southeast Asia and the broader international market for Joy Spreader International.

• Discussion and Analysis of Financial Statement

Revenue

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

	For the years ended December 31,			
	2024	**Percentage**	2023	Percentage
	(HK$ million, except for percentages)			
Marketing revenue from interactive entertainment and digital products	**56.93**	**50.24%**	186.56	3.67%
Marketing revenue from domestic E-commerce products	**20.88**	**18.43%**	306.66	6.03%
Sales revenue from overseas E-commerce goods	**32.80**	**28.95%**	4,587.90	90.24%
Revenue from other products	**2.70**	**2.38%**	2.87	0.06%
Total revenue	**113.31**	**100.00%**	5,083.99	100.00%

The revenue of the Group decreased by 97.77% from HK$5,083.99 million in 2023 to HK$113.31 million in 2024. The decrease was mainly attributable to the fact that by the end of 2023, the Group strategically reoriented its overseas e-commerce operations by shifting from the previous asset-intensive business model, which involved purchasing inventory for trading and subsequent overseas sales, to an asset-light model focusing on delivering precise marketing services via interest-based algorithms on overseas short-video platforms. This new approach centers around MARTOP, our own e-commerce platform, serving as the core transaction negotiation platform. We aim to facilitate transactions by providing sales leads and continuously leveraging precise traffic diversion on overseas short-video platforms. We are still in the process of testing this new match-making transaction model in 2024 and did not charge suppliers and distributors any commissions or service fees, which explains the significant decrease in revenue for the year.

Cost of Revenue

The cost of revenue of the Group was mainly comprised of purchase cost of traffic on project placement platform and purchase cost of goods. The cost of revenue decreased by 97.57% from HK$4,624.42 million in 2023 to HK$112.26 million in 2024, which was primarily attributable to the suspension of purchase of goods due to the strategy adjustment of the Group's overseas E-commerce business in 2024, resulting in a significant decrease in the cost of revenue.

Gross Profit and Gross Profit Margin

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

	For the years ended December 31,	
	2024	2023
	(HK$ million)	
Marketing gross profit from interactive entertainment and digital products	**12.38**	43.75
Marketing gross profit from domestic E-commerce products	**3.76**	132.03
Gross profit from overseas sales of E-commerce goods	**(16.66)**	282.32
Gross profit from other products	**1.57**	1.47
Total gross profit	**1.05**	459.57

The Group achieved a gross profit of HK$1.05 million in 2024, representing a decrease of 99.77% compared to HK$459.57 million in 2023. For the year ended 31 December 2024, the gross profit margin of the Group was 0.93%, representing a decrease of 8.11 percentage points as compared with 9.04% for the year ended 31 December 2023. The significant decrease in the Group's gross profit and gross profit margin was mainly due to (i) the overseas e-commerce business was undergoing a period of restructuring and the new business model had not yet recorded revenue and gross profit; and (ii) the loss on inventory write-downs of inventory goods of the overseas e-commerce business was charged to cost, which had an unfavorable impact on the gross profit margin.

Other Gains and Losses

The other gains and losses of the Group changed from gains of HK$9.03 million in 2023 to losses of HK$5.43 million in 2024, which was mainly due to the (i) foreign exchange gains, net of HK$30.14 million recorded in 2024; (ii) loss on fair value changes of derivatives of HK$18.66 million; and (iii) recognition of assets impairment losses of HK$18.11 million.

Distribution and Selling Expenses

For the year ended December 31, 2024, the distribution and selling expenses of the Group amounted to approximately HK$913.58 million, representing a decrease of 2.47% as compared with HK$936.71 million in 2023, which was mainly attributable to the ongoing traffic promotion subsidy to the distributors by the overseas e-commerce business in 2024.

Administrative Expenses

The administrative expenses of the Group decreased by 37.87% from HK$143.11 million in 2023 to HK$88.91 million in 2024, primarily due to the optimization of the Group's staffing costs and savings in professional services fees, office rentals, travel expenses, entertainment expenses and other related expenses.

R&D Expenses

R&D expenses of the Group decreased by 95.47% from HK$70.01 million in 2023 to HK$3.17 million in 2024, which was mainly due to the fact that the Group's own e-commerce platform currently can meet the demand for the development of its overseas e-commerce business, resulting in the reduction of R&D investment accordingly.

Finance costs

For the year ended December 31, 2024, 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, 2024, the Group had no inventory. As of December 31, 2023, the balance of the inventories of the Group amounted to HK$108.68 million, and the decrease was due to the fact that the disposal of the existing inventory goods was completed and the purchase of inventory goods was suspended in 2024 as part of the strategic adjustment of overseas e-commerce business.

Trade and Other Receivables and Deposits

The Group had trade and other receivables and the balance of deposits of HK$729.02 million as of December 31, 2023 and HK$348.82 million as of December 31, 2024, respectively.

As at December 31, 2024, the balance of trade receivables of the Group amounted to HK$60.29 million, representing a decrease of 72.96% compared to HK$222.99 million as of December 31, 2023, which was mainly attributable to a decrease in corresponding trade receivables as a result of the decrease in revenue from performance-based marketing services in 2024.

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, 2023 and as of December 31, 2024, the balance of other receivables and deposits amounted to HK$506.03 million and HK$288.53 million, respectively, which was mainly attributable to the refund of part of the security deposits in 2024 for the overseas e-commerce business.

Prepayments

The Group had the balance of prepayments of HK$499.32 million and HK$108.38 million as of December 31, 2023 and as of December 31, 2024, respectively. The decrease in balance was mainly attributable to the consumption of part of the Group's prepaid traffic payment in 2024.

Deposits and Prepayments Paid to the Largest Supplier

The Group purchases domestic traffic mainly from Shenzhen Lesou Technology Co., Ltd.（深圳市樂搜科技有限公司）and Shenzhen Infinite Joy Network Information Technology Co., Ltd.（深圳市無限歡樂網絡信息科技有限公司）, and purchases overseas traffic mainly from Infinite Information Technology Co., Limited（無限歡樂網絡信息科技有限公司）. These are entities under common control of an independent third party and together constitute the largest traffic supplier of the Group (the "**Largest Traffic Supplier**").

The reason of making prepayments for traffic is to ensure a smooth execution of projects and obtain better pricing policies in promoting periods. In addition, the Group also makes certain deposits to the Largest Traffic Supplier pursuant to the policies of ultimate network platforms, which are in turn customers of the Largest Traffic Supplier, for the purpose of indemnifying the platforms from potential liabilities arising from the Group's commercial activities conducted on such platforms. The amount of prepayments made by the Group is determined based on the anticipated traffic to be consumed by the Group, and the amount of deposits varies depending on a series of factors, such as the nature of the e-commerce business, the business and legal environment of the aimed market and the market size of the aimed market. The prepayments will be utilized when the traffic is consumed.

As of December 31, 2024, the Group's total advanced payments (including the above-mentioned prepayments and deposits) to the Largest Traffic Supplier was HK$319.12 million, representing 39% of the Company's total assets of HK$822.23 million as at the same date. The historical highest percentage since Group's listing was 59%, which was recorded on December 31, 2022.

Equity Instruments at Fair Value through Other Comprehensive Income

The Group had balance of equity instruments at fair value through other comprehensive income of HK$12.99 million and HK$2.26 million as of December 31, 2023 and as of December 31, 2024, respectively. The decrease was mainly attributable to the deduction in the fair value of investments due to under-performance of the investee company.

Bank Deposits/Restricted Bank Balances/Cash and Cash Equivalents

The Group had bank deposits/bank balances and cash balances of HK$367.92 million and HK$272.35 million as of December 31, 2023 and as of December 31, 2024, respectively. The decrease in balances was mainly due to the Group's platform traffic purchases and daily operating expenses.

Trade and Other Payables

Trade and other payables of the Group primarily consist of (i) payables for the purchase of data traffic; (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 increased by 71.91% from HK$173.03 million as of December 31, 2023 to HK$297.45 million as of December 31, 2024, which was mainly due to the Group's continuous subsidies for overseas e-commerce business distributors in relation to traffic-based promotion, resulting in an increase in data traffic payables as compared to the same period last year.

The balance of other payables of the Group decreased by 24.92% from HK$31.54 million as of December 31, 2023 to HK$23.68 million as of December 31, 2024.

Lease Liabilities

Lease liabilities of the Group decreased by 46.40% from HK$41.36 million as of December 31, 2023 to HK$22.17 million as of December 31, 2024, which was attributable to the decrease in property leases.

Liquidity and Capital Resources

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

	As of December 31 or for the year ended December 31,	
	2024	2023
	HK$ million	
Net cash used in operating activities	**(54.54)**	(237.76)
Net cash (used in) from investing activities	**(10.46)**	41.03
Net cash used in financing activities	**(18.46)**	(18.06)
Net decrease in cash and cash equivalents	**(83.46)**	(214.79)
Cash and cash equivalents at beginning of the year	**325.97**	533.95
Effect of foreign exchange rate changes	**(29.63)**	6.81
Cash and cash equivalents at end of the year, represented by bank balances and cash	**212.88**	325.97

As of December 31, 2023 and as of December 31, 2024, 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, 2024, our net cash used in operating activities was HK$54.54 million (for the year ended December 31, 2023: HK$237.76 million), which is mainly due to the decrease in operating cash outflow as a result of the contraction in the scale of the Group's operations.

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, 2024, our net cash used in investing activities was HK$10.46 million (for the year ended December 31, 2023: net cash from investing activities was HK$41.03 million), primarily attributable to the interest income and purchase of time deposits.

Cash Flow from Financing Activities

For the year ended December 31, 2024, our net cash used in financing activities was HK$18.46 million (for the year ended December 31, 2023: HK$18.06 million), primarily attributable to the lease payments for leased assets.

Capital Expenditures

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

	As of December 31 or for the year ended December 31,	
	2024	2023
	HK$ million	
Fixed assets	**0.28**	18.90
Right-of-use assets	**–**	26.41
Total	**0.28**	45.31

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 annual report, the Group does not have any other plans for material investments or capital assets.

Indebtedness

Bank Borrowings

As of December 31, 2023 and December 31, 2024, the Group did not have any bank borrowings.

Contingent Liabilities, Charges of Assets and Guarantees

Contingent Liabilities

As of December 31, 2023 and December 31, 2024, the Group was not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, and did not have any contingent liabilities, that, we expected would materially adversely affect our business, financial position or results of operations.

Charge of Assets and Guarantees

As of December 31, 2023 and December 31, 2024, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities.

Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As of December 31, 2024, the gearing ratio of the Group was 49.02% (as of December 31, 2023: 15.66%).

Current Ratio

Current ratio represents current assets divided by current liabilities. The current ratio of the Group decreased from 7.75 times as of December 31, 2023 to 1.86 times as of December 31, 2024.

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, 2024, we had 70 full-time employees, the majority of whom were based in the PRC. As of December 31, 2024, over 58.6% 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.

Share Award Scheme

The Company has adopted the Share Award Scheme on June 21, 2021 (the "**Adoption Date**") to recognize the contributions of the certain directors, employees, consultants and advisers of the Group in order to incentivize them to retain with the Group, and to motivate them to strive for the future development and expansion of the Group. The summary of the Share Award Scheme is as follows:

(I) Duration and termination of the Share Award Scheme

Unless terminated earlier by the Board in accordance with the Share Award Scheme rules, the Share Award Scheme is valid and effective for a term of 10 years commencing from the Adoption Date. The Share Award Scheme shall terminate on the earlier of (i) the 10th year from the Adoption Date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant. Upon termination, (i) no further grant of award Shares may be made under the Share Award Scheme; (ii) all award Shares and the related income shall become vested in the selected participant so referable on such date of termination; and (iii) net sale proceeds (after making appropriate deductions) of the returned Shares and such non–cash income together with the residual cash and such other funds remaining in the trust shall be remitted to the Company forthwith after the sale.

(II) Share Award Scheme limit

The Board shall not make any further award of award Shares in case that the award of the Shares by the Board under the Share Award Scheme will result in the nominal value of such Shares exceeding ten per cent of the issued share capital of the Company from time to time.

During the twelve (12) months ended December 31, 2024, the number of awards available for grant under the Share Award Scheme limit pursuant to the Share Award Scheme was 0 and 0 respectively.

The maximum number of Shares which may be awarded to any selected participant under the Share Award Scheme shall not exceed one per cent of the issued share capital of the Company from time to time in any 12-month period.

(III) Administration of the Share Award Scheme

The Share Award Scheme is subject to the administration of the Board and the trustee in accordance with the terms stated in the Share Award Scheme rules and the terms of the trust deed.

(IV) Voting rights of the Award Shares

Notwithstanding that the trustee is the legal registered holder of the Shares held upon trust pursuant to the trust deed, the trustee shall not exercise the voting rights attached to such Shares.

(V) Operation of the Share Award Scheme

The Board may, in respect of the Share Award Scheme and after having regard to the requirement under the Share Award Scheme, determine the number of Shares to be purchased as scheme Shares, and cause to be paid the purchase price for the scheme Shares and the related expenses to the trustee who will purchase the scheme Shares. The trustee shall apply the entire amount without deduction (except for transaction levy, stamp duty and other statutory fees) towards the purchase of the maximum number of board lots of Shares at the prevailing market price.

The Board may, from time to time, at its absolute discretion select any director, employee, consultant and adviser of the Group (other than any person who is resident in a place where the award and/or the vesting and transfer of the award Shares is not permitted under the laws and regulations of such place or where compliance with applicable laws and regulations in such place makes it necessary to exclude such person) for participation in the Share Award Scheme as a selected participant and determine the award Shares for each of them.

Upon receipt of the instruction from the Board as to the name of selected participant(s) and the number of award Shares to be granted to the selected participant(s), the trustee shall make relevant arrangement to convert the scheme Shares to the award Shares for the relevant selected participant(s).

(VI) Vesting and lapse of the Share Award Scheme

When the selected participant(s) has(have) satisfied all vesting conditions specified by the Board at the time of making the award and becomes entitled to the Shares forming the subject of the award, the trustee shall transfer the relevant award Shares to the selected participant(s) or their nominee(s). The vesting date shall be on any business day at the end of the month specified by the Company of any year, but in any event not later than 12 months after the reference date.

An award lapses when (i) the relevant selected participant ceases to be an employee of the Group; (ii) any fraud or serious misconduct, violation of laws or regulations, or damage to the interests of the Company by selected participant; or (iii) an order for the withdrawal of Listing and the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), the award shall automatically lapse forthwith and the award Shares shall not vest on the relevant vesting date but shall become returned Shares for the purposes of the Share Award Scheme.

For the year ended 31 December 2024, there were no purchases of the Shares of the Company by the Trustee in the market. No Shares were granted to eligible employees under the Share Award Scheme during the Reporting Period. As of December 31, 2024, there were no unvested awards under the Share Award Scheme. At the end of the Reporting Period, the Trustee held 0 Shares.

For details of the Share Award Scheme, please refer to the Company's announcement dated June 21, 2021.

In addition, the Company has adopted the Joy Spreader International Share Award Scheme (the "**Joy Spreader International Share Award Scheme**" or the "**Scheme**") on September 28, 2023. Pursuant to Rule 17.13, Rules 17.02 to 17.04 and Rules 17.06 to 17.09 of the Listing Rules, the Joy Spreader International Share Award Scheme acts as an auxiliary scheme applicable to the principal subsidiaries of the Company, as if it were the share scheme of the Company as described in Rule 17.01(1) of the Listing Rules. A summary of the Joy Spreader International Share Award Scheme is set out below. For details, please refer to the announcement of the Company dated September 13, 2023.

(I) Purpose of the Joy Spreader International Share Award Scheme

To motivate the contribution of certain directors and employees of the Group so as to provide additional incentives to eligible incentive participants to retain them for the ongoing business operations and development of the Group and to recruit suitable talents for the further development of the Group.

(II) Participants of the Joy Spreader International Share Award Scheme

Under the Joy Spreader International Share Award Scheme, persons eligible to participate in the Joy Spreader International Share Award Scheme ("**Eligible Participants of Joy Spreader International Share Award Scheme**") include directors and employees of the Company and its subsidiaries (whether full-time or part-time, including persons who are granted awards under the Joy Spreader International Share Award Scheme for the purpose of attracting them to enter into employment contracts with the Group).

(III) Total Number of Shares Available for Grant And their Percentage of Issued Shares (excluding treasury shares) of Joy Spreader International as at the Date of the Annual Report

Subject to the Listing Rules, no further awards may be granted by the Company if, without the approval of the Shareholders, the grant of such awards would result in the total number of award shares of Joy Spreader International in respect of all grants under the Scheme together with any other options and awards which may be granted under the Scheme and any other share schemes of Joy Spreader International for the time being exceeding the number of shares representing 10% of the entire issued share capital of Joy Spreader International as at the adoption date. Award shares which have been canceled in accordance with the terms of the Scheme will be taken into account for the purpose of calculating the scheme limit. Apart from the Joy Spreader International Share Award Scheme, Joy Spreader International has not adopted any other employee incentive schemes for the time being.

As at the date of this annual report, the total number of issued shares of Joy Spreader International was 10,000 shares. Mr. Zhu has been conditionally granted 1,000 shares of Joy Spreader International on September 28, 2023, involving 1,000 shares of Joy Spreader International and representing 100% of the shares available for grant under the Joy Spreader International Share Award Scheme. Of the award shares, 200 shares were vested immediately to him, and in accordance with the stepwise vesting schedule, 200 shares were vested on March 1, 2024, and the remaining 600 shares were conditionally vested in accordance with a stepwise vesting schedule (300 shares vesting on September 1, 2024 and 300 shares vesting on March 1, 2025). As at the date of this annual report, there were no other shares available for grant under the Joy Spreader International Share Award Scheme.

(IV) Maximum Entitlement per Participant under the Joy Spreader International Share Award Scheme

If the grant of any award to an eligible participant would result in the number of award shares transferred or to be transferred or allotted and issued or to be allotted and issued in respect of all options and awards granted to such eligible participant (excluding any options and awards which have lapsed in accordance with the terms of the Scheme) in the period of twelve (12) months from and including the date of such grant, being more than 1% of the total issued shares of Joy Spreader International, such grant shall be subject to Shareholders' approval at a general meeting and such eligible participant and his/her close associates (or, where the eligible participant is a connected person or close associate of a connected person) shall abstain from voting.

In the event that a grant of shares or any option of Joy Spreader International to a Director (other than an independent non-executive Director) or a chief executive or any of their respective associates would result in all the shares of Joy Spreader International transferred or to be transferred, or allotted and issued or to be allotted and issued, in respect of all shares of Joy Spreader International granted to that person during the period of twelve (12) months up to and including the date of such grant (excluding any shares of Joy Spreader International which have lapsed in accordance with the terms of the relevant scheme) in aggregate exceeding 0.1% of the issued shares of Joy Spreader International, such further grant of award shall be subject to Shareholders' approval at a general meeting of the Company.

The 1,000 shares of Joy Spreader International (representing 10% of the total issued share capital of Joy Spreader International as at the adoption date) conditionally granted to Mr. Zhu on September 28, 2023 was approved by the Shareholders at a general meeting of the Company.

(V) Period within which Grantees may Exercise Options under the Joy Spreader International Share Award Scheme

The Company may issue to each eligible participant an award letter in such form as the Board or a person authorized by the Board may determine from time to time, stating the date of grant, the number of award shares in respect of which the award is made, the criteria and conditions for vesting, the date of vesting and such other details as may be considered necessary.

(VI) Vesting Period

Subject to certain special circumstances, the grantee shall hold the award for at least 12 months before the award shares vest.

(VII) Application for or Acceptance of Award and Basis of Determination

The grant price of the 1,000 shares of Joy Spreader International granted to Mr. Zhu is nil. The nil consideration was also determined in recognition of Mr. Zhu's past contribution to the Group's overseas E-commerce business and to motivate him to continue to contribute to the Group.

(VIII) *Remaining Validity Period of the Joy Spreader International Share Award Scheme*

Subject to compliance with the rules of the Joy Spreader International Share Award Scheme, the Joy Spreader International Share Award Scheme shall be effective and valid for a period of ten years commencing from the adoption date and ending on the business day immediately before the expiry of the 10th anniversary of the adoption date (after which no further awards shall be granted). As of the date of this annual report, the remaining life of the Joy Spreader International Share Award Scheme is approximately 8 years and 6 months.

Details of the awards granted under the Joy Spreader International Share Award Scheme during the 12 months ended December 31, 2024 are set out below:

Name/ category of grantees	Awards unvested as at January 1, 2024 Note 1	Awards granted during the Reporting Period	Date of grant	Awards vested during the Reporting Period	Awards cancelled during the Reporting Period	Awards lapsed during the Reporting Period	Awards unvested as at December 31, 2024	Purchase price (HK$)	Weighted average closing price of the Shares immediately before the date of vesting of awards (HK$) Note 2	Vesting period
Director										
Mr. Zhu	800	–	September 28, 2023	200	–	–	600	0	N/A	See Note 2
Total	800	–		200	–	–	600			

Notes:

(1) Represents the awards granted corresponding to the number of the relevant shares.

(2) Pursuant to the terms of the Joy Spreader International Share Award Scheme and subject to the achievement of the performance targets, the vesting period of the award shares under the conditional grant is as follows: 200 shares to be vested on September 1, 2023 and March 1, 2024 respectively and 300 Shares to be vested on September 1, 2024 and March 1, 2025 respectively. As (i) the results of operations of Joy Spreader International are yet to be observed, a total of 600 Shares which should be vested to him on September 1, 2024 and on March 1, 2025 have not yet been vested; and (ii) as the shares of Joy Spreader International are not listed shares, the weighted average closing price of such shares immediately before the date of vesting of awards is not applicable.

(3) As Mr. Zhu was conditionally granted 1,000 awards under the Joy Spreader International Share Award Scheme on September 28, 2023, involving in aggregate 1,000 shares of Joy Spreader International, representing 100% of the shares available for grant under the Joy Spreader International Share Award Scheme, there are no other awards available for grant under the Joy Spreader International Share Award Scheme as at January 1, 2024 and the date of this annual report. Accordingly, save as disclosed above, no award has been granted under the Joy Spreader International Share Award Scheme since its adoption date and up to December 31, 2024.

(4) As no awards have been granted under the Scheme during the Reporting Period, thus, the closing price of the Shares immediately before the date on which awards were granted and the fair value of awards at the date of grant and the accounting standard and policy adopted are not available.

As no awards were granted during the Reporting Period under all schemes of the Company (i.e. the Share Award Scheme and the Joy Spreader International Share Award Scheme), during the Reporting Period, the number of Shares that may be issued corresponding to the awards granted under all schemes of the Company divided by the weighted average number of Shares of the relevant class in issue (excluding treasury Shares) during the Reporting Period is nil.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Zhu Zinan（朱子南）, aged 44, is our founder, Chairman, executive Director, chief executive officer and the chairman of the Nomination Committee. He is responsible for the overall management, strategic planning and decision-making of the Group. He has been the chief executive officer at Beijing Joyspreader since June 2012 and was appointed as an executive director and the chief executive officer at Beijing Wuyou Technology Co, Ltd（伍遊（北京）科技有限公司）in July 2014.

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

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

Mr. Cheng Lin（成林）, aged 42, joined the Group in January 2014, is an executive Director, vice president of the Company and the member of the Remuneration Committee. He is responsible for overseeing our sales and marketing, maintaining the relationship between marketers and content publishers and assisting in the overall management of the Group. He is currently the chief operating officer, director and vice president of Beijing Joyspreader.

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

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

Ms. Qin Jiaxin（秦佳鑫）, aged 35, was appointed as an executive Director of the Company with effect from March 22, 2021. She concurrently serves as the secretary of the Board and joint company secretary of the Company. Ms. Qin joined the Group in January 2017 as the secretary of the Board. She is responsible for the information disclosure and the supervision and inspection in relation to legal compliance, investor relations management, investment, financing and capital operation of the Group. She also assists in the coordination and organisation of the Board meetings and general meetings.

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

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

Non-executive Directors

Mr. Hu Jiawei（胡家瑋）, aged 37 and formerly named as Hu Wei（胡威）, was appointed as a non-executive Director of the Company with effect from March 22, 2021 and is responsible for participating in formulating the Company corporate and business strategies.

Mr. Hu Jiawei has been working at Nanjing Pingheng Capital since May 2016 and is currently the deputy general manager thereof, responsible for leading and managing equity investment and funds operation, as well as leading such work as fundraising, investment, post-investment management and disinvestment. He makes investment projects in industries of the advanced manufacturing, health care, culture and education. From March 2013 to April 2016, he was the investment manager of Jiangsu Hi-tech Venture Capital Management Co., Ltd.（江蘇高新創業投資管理有限公司）, responsible for project investment and post-investment management. From September 2011 to December 2012, he served as an auditor at Deloitte Touche Tohmatsu Limited in China.

Mr. Hu Jiawei also holds the directorship in several listed companies, including (i) a director of Beijing Ecosystem Technology Co., Ltd. (whose shares were listed on the NEEQ (stock code: 832204) and delisted in December 2022) from January 2017 to December 2022; and (ii) a director of Jiangsu Ruifeng Information Technology Co., Ltd. (whose shares were listed on the NEEQ (stock code: 871949) and delisted in November 2022) from November 2019 to November 2021.

Mr. Hu Jiawei received a bachelor's degree in accounting from Nanjing University of Finance and Economics（南京財經大學）in June 2009 and later obtained a master's degree in accounting and finance from University of Exeter, the United Kingdom in January 2011.

Independent Non-executive Directors

Mr. Tang Wei (唐偉), aged 49, was appointed as an independent non-executive Director of the Company with effect from August 26, 2020. He serves as the chairman of the Audit Committee. Mr. Tang Wei is responsible for providing independent opinion and judgment to our Board.

Prior to joining the Group, Mr. Tang Wei had served several positions, including an assistant vice president of the investment banking department of Bank of China International Holdings Limited from December 2000 to August 2006, an associate of the corporate finance department in Goldman Sachs Gaohua Securities Company Limited (高盛高華證券有限公司) from September 2006 to September 2008 and as a deputy general manager of investment banking department in China International Capital Corporation Limited (中國國際金融股份有限公司) from October 2008 to January 2010. He later returned to the corporate finance department in Goldman Sachs Gaohua Securities Company Limited and worked as executive director and vice president from January 2010 to October 2014. From June 2015 to January 2016, Mr. Tang Wei acted as an investment director of CNIC Corporation Limited (國新國際(中國)投資有限公司) where he primarily advised on offshore investments. From March 2016 to September 2018, he joined NavInfo Co., Ltd (四維圖新科技股份有限公司) (a Shenzhen Stock Exchange listed company, stock code: 002405), where he took the role of the chief financial officer and deputy general manager. From October 2019 to May 2023, he served as the chief financial officer and secretary to the board in Primarius Shanghai Electronic Co., Ltd. (上海概倫電子股份有限公司) (a company listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange, stock code: 688206). From June 2023 to October 2024, he has been serving as the chief financial office of Beijing Huimeiyun Technology Co., Ltd. (北京惠每雲科技有限公司). Currently, he is an independent non-executive director of Weimob Inc. (微盟集團) (a company listed on the Stock Exchange, stock code: 2013).

Mr. Tang Wei received a bachelor's degree in international business and financial administration from China University of Petroleum (中國石油大學(北京)) in July 1998. He later obtained a master's degree in business administration from the University of International Business and Economics (對外經濟貿易大學) in June 2001. He is a fellow member of the Association of Chartered Certified Accountants (UK) and a member of the Chinese Institute of Certified Public Accountants.

Mr. Fang Hongwei (房宏偉), aged 44, was appointed as an independent non-executive Director of the Company with effect from August 26, 2020. He is a member of the Nomination Committee and Remuneration Committee. He was appointed as a member of the Audit Committee of the Company with effect from July 7, 2023. Mr. Fang Hongwei is primarily responsible for providing independent opinion and judgment to our Board.

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

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

Mr. Huang Boyang (黃博揚), aged 37, was appointed as an independent non-executive Director of the Company with effect from March 31, 2023. He is a member of the Nomination Committee, Audit Committee and Remuneration Committee. Mr. Huang Boyang is primarily responsible for providing independent opinion and judgment to our Board.

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

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

SENIOR MANAGEMENT

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

Mr. KOT Man Tat (葛文達), aged 53, was appointed as the chief financial officer of the Company in May 2021 and was primarily responsible for the financial management and treasury operations of the Group. Mr. Kot has over twenty years' experience in accounting and financial management. Mr. Kot graduated from the Chinese University of Hong Kong in 1996 with the degree of bachelor in business administration. He had worked with KPMG and Ernst & Young auditing division, and served as head of corporate finance with Zhongsheng Group Holdings Limited (a company listed on the Stock Exchange, stock code: 881). Prior to joining the Group, Mr. Kot was the chief financial officer of China Zhongwang Holdings Limited (中國忠旺控股有限公司) (a company previously listed on the Stock Exchange which was delisted on April 13, 2023, stock code: 1333) from June 2016 to May 2021. Since April 2022, Mr. Kot has been serving as an independent non-executive director of Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (呷哺呷哺餐飲管理(中國)控股有限公司) (a company listed on the Stock Exchange, stock code: 520). Since August 24, 2023, Mr. Kot has been serving as an independent non-executive director and the chairman of the audit committee of Beijing Jingkelong Company Limited (北京京客隆商業集團股份有限公司) (a company listed on the Stock Exchange, stock code: 814).

CORPORATE GOVERNANCE REPORT

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

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

The Board is of the view that for the year ended December 31, 2024, the Company has complied with all applicable code provisions, except for the deviation from code provision C.2.1 of the Corporate Governance Code. The roles of Chairman and chief executive officer of the Company are not separate and both are acted by Mr. Zhu Zinan. In view of Mr. Zhu's experience, personal profile and his roles in the Group as mentioned above and that Mr. Zhu has assumed the role of chief executive officer of our Group since the Group's incorporation, the Board considers it beneficial to the business prospect and operational efficiency of our Group for Mr. Zhu acting as the Chairman of the Board and continuing to act as the chief executive officer of the Company. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors, and we believe that there is sufficient check and balance in the Board; (ii) Mr. Zhu and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategies and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman of the Board and chief executive officer is necessary. The Directors strive to achieve a high standard of corporate governance (which is of critical importance to our development) to protect the interest of the Shareholders.

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

BOARD OF DIRECTORS

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

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

The main corporate governance duties of the Board include:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance issues of employees and Directors; and

(e) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

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

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

Executive Directors

Mr. Zhu Zinan (Chairman and Chief Executive Officer)
Mr. Cheng Lin
Ms. Qin Jiaxin

Non-executive Director

Mr. Hu Jiawei

Independent non-executive Directors

Mr. Tang Wei
Mr. Fang Hongwei
Mr. Huang Boyang

Biographies of the Directors are set out on pages 43 to 46 of this annual report.

As of December 31, 2024, the Company has complied with the Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules and appointed at least three independent non-executive Directors (representing at least one-third of the Board), including at least one with appropriate professional qualifications or knowledge in accounting or financial management related fields.

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

During the year ended December 31, 2024, the total emoluments payable to the Directors (including fees, salaries, contributions to pension scheme, discretionary bonus, housing and other allowances and other benefits-in-kind) amounted to approximately HK$6.38 million.

The emoluments of the Directors and senior management are determined after taking into account of salaries paid by comparable companies, the time of commitment and duties of the Directors as well as the Group's results. Details of the emoluments of Directors (including any senior management who also serve as a Director), chief executive and employees, and emoluments of key management personnel for 2024 are set out in note 13 and note 38 to the consolidated financial statements. In addition, pursuant to code provision E.1.5 of the Corporate Governance Code, the emoluments of the members of senior management of the Company (who are not the Directors) by band for the year ended December 31, 2024 are set out below:

Emoluments of senior management by band	Number of senior management
HK$2,500,001-HK$3,000,000	1
Total	1

During the year ended December 31, 2024, the Company has three independent non-executive Directors, which was in compliance with the Listing Rules, which requires that the numbers of independent non-executive Directors shall account for at least one-third of the members of the Board and no less than three people.

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

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

JOINT COMPANY SECRETARIES

During the year ended December 31, 2024, Ms. Qin Jiaxin（秦佳鑫）and Ms. Lin Sio Ngo（練少娥）were the joint company secretaries of the Company.

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

Pursuant to Rule 3.29 of the Listing Rules, during the year ended December 31, 2024, Ms. Qin Jiaxin and Ms. Lin Sio Ngo have all taken not less than fifteen hours of relevant professional training.

BOARD MEETINGS/GENERAL MEETINGS AND ATTENDANCE OF DIRECTORS

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

During the year ended December 31, 2024, the Board held a total of 5 meetings, reviewing and approving issues such as the annual results for the year ended December 31, 2023, the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2024, changes in use of proceeds, the announcements of business update and financial position.

During the Reporting Period, one general meeting was held.

The table below sets out the details of attendance of the Directors at the Board meetings and general meetings during the year ended December 31, 2024.

	Attendance at board meetings/board meetings held	Attendance at general meetings/general meetings held
Executive Directors		
Mr. Zhu Zinan (Chairman of the Board and Chief Executive Officer)	5/5	1/1
Mr. Cheng Lin	5/5	1/1
Ms. Qin Jiaxin	5/5	1/1
Non-executive Director		
Mr. Hu Jiawei	5/5	1/1
Independent Non-executive Directors		
Mr. Tang Wei	5/5	1/1
Mr. Fang Hongwei	5/5	1/1
Mr. Huang Boyang	5/5	1/1

During the year ended December 31, 2024, there was one meeting between the Chairman and the independent non-executive Directors of the Company without the presence of the other Directors.

CORPORATE GOVERNANCE FUNCTIONS

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

BOARD COMMITTEES

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

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

Audit Committee

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

The Audit Committee consists of three members, namely, the independent non-executive Directors Mr. Tang Wei, Mr. Huang Boyang and Mr. Fang Hongwei. Mr. Tang Wei, an independent non-executive Director, is the chairman of the committee and holds the appropriate qualifications or relevant financial management expertise as required by Rule 3.10(2) of the Listing Rules.

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

During the year ended December 31, 2024, three Audit Committee meetings were held and the attendance record of the members of the Audit Committee is as follows:

Directors	Attendance/ attendance as required
Mr. Tang Wei (chairman)	3/3
Mr. Fang Hongwei	3/3
Mr. Huang Boyang	3/3

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

The Audit Committee also reviewed the interim and final results of the Company and its subsidiaries for interim period and the financial year, as well as the audit report prepared by the external auditors in respect of the accounting issues and key investigation results.

Nomination Committee

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

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

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

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

Director Nomination System

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

Selection and Recommendation Criteria

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

(a) to assess ethics, integrity and reputation of relevant Director Candidates (including but not limited to conduct appropriate background checks and other verification processes on such candidate);

(b) to take into account the structure, size and composition of the Board, with reference to the Board diversity policy, and the Company's corporate strategy, with due regard for the benefits of the Board diversity and also the candidate's potential contributions thereto;

(c) in case of a candidate for an independent non-executive Director, to assess: (i) the independence of such candidate with reference to, among others, the independence criteria as set out in Rule 3.13 of the Listing Rules; and (ii) the guidance and requirements relating to independent non-executive Directors set out in code provision B.3.4 of the Corporate Governance Code and in the Guidance for Boards and Directors; and

(d) to consider any other relevant factors as determined by the Nomination Committee or the Board from time to time.

Nomination Procedures

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

(a) All Directors and the Nomination Committee may recommend Director Candidates to the Company for the Nomination Committee's consideration;

(b) The joint secretaries of the Company shall undertake due diligence on the background of the Director Candidates, obtain their academic qualifications and work certificates, as well as other information and documents required by the Company for the Director Candidates;

(c) In the context of the appointment of Director Candidates, the joint secretaries of the Company shall convene a meeting for the Nomination Committee, and may consider inviting the Director Candidates to participate in the meeting and answer questions raised by the Nomination Committee regarding the appointment;

(d) In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall propose and make recommendations to the Board for its consideration, and the Director Candidates shall stand for re–election at the forthcoming general meeting; and

(e) The Board shall have final decision on all matters concerning the recommendations of Director Candidates for election at the general meetings.

During the year ended December 31, 2024, one Nomination Committee meeting was held and the attendance record of the members of the Nomination Committee is as follows:

Directors	Attendance/ attendance as required
Mr. Zhu Zinan (chairman)	1/1
Mr. Fang Hongwei	1/1
Mr. Huang Boyang	1/1

For the year ended December 31, 2024, the Nomination Committee has reviewed the structure, number of members and composition of the Board; the nomination policies and the Board Diversity Policy; assessed the independence of the independent non-executive Directors; and re-election of the retired Directors.

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

Remuneration Committee

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

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

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

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

For the year ended December 31, 2024, one Remuneration Committee meetings were held and the attendance record of the members of the Remuneration Committee is as follows:

Directors	Attendance/ attendance as required
Mr. Fang Hongwei	1/1
Mr. Cheng Lin	1/1
Mr. Huang Boyang	1/1

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry by the Company, all Directors confirm that they have complied with the Model Code during the year ended December 31, 2024.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

Based on the information provided by the Directors, a summary of training received by the Directors during the year ended December 31, 2024 is as follows:

	Nature of continuous professional development
Mr. Zhu Zinan	A, B, C and D
Mr. Cheng Lin	A, C and D
Ms. Qin Jiaxin	A, C and D
Mr. Hu Jiawei	A, C and D
Mr. Tang Wei	A, C and D
Mr. Fang Hongwei	A, C and D
Mr. Huang Boyang	A, C and D

Notes:

A: Attend meetings and/or briefings

B: Make speech at meetings and/or briefings

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

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

BOARD DIVERSITY POLICY

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

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

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

The Company recognises and embraces the benefits of having a diverse Board and see increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. We have also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to our Board and the senior management levels. Currently, one of our Directors is female, demonstrating that we have realized gender diversity in our Board. We recognise that the gender diversity at our Board level can be improved given the majority of our Directors is male, and we will continue to ensure gender diversity in the recruitment of middle and senior staff so that our management includes a wide range of genders, thereby allowing a diverse group of potential successors to succeed our Board in due course. As of December 31, 2024, the Group had seven Directors, of whom six (85.7%) were male and one (14.3%) was female, and the Group had four senior executives, of whom three (75%) were male and one (25%) was female. As at December 31, 2024, the Group had 70 employees of which 41 (58.6%) were male and 29 (41.4%) were female. The Board believes that the Company has achieved gender diversity among its employees and it has set an ultimate goal of achieving gender balance. The Company will continue to implement its diversity policy.

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

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

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

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

The Board of the Company reviews the implementation and effectiveness of the abovementioned mechanism(s) on an annual basis. For the year ended December 31, 2024, the Board considered these mechanism(s) to be effective.

EXTERNAL AUDITOR

For the year ended December 31, 2024, the Company has appointed Deloitte Touche Tohmatsu as its external auditor. A statement on the reporting responsibility for the financial statements issued by Deloitte Touche Tohmatsu is set out in the independent auditor's report in this annual report.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Deloitte Touche Tohmatsu for the year ended December 31, 2024 are set out in the table below:

Services provided	(HK$ million)
Audit services:	
Annual audit of the Group's consolidated financial statements	3.15
Non-audit services:	–

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of financial statements, which should give a true and fair view of the state of affairs of the Group and of the results and cash flow for the Reporting Period. The independent auditor's report on the financial statements is set out on pages 132 to 136 in this annual report. In preparing the financial statements for the year ended December 31, 2024, the Directors have selected suitable accounting policies and have applied them consistently, made judgments and estimates that are prudent, fair and reasonable.

Going Concern

The Group's revenue for the year ended 31 December 2024 decreased by HK$4,970,679,000 to HK$113,313,000 as compared with the Group's revenue last year due to change of business model. In addition, the Group incurred a net loss of HK$1,107,321,000 and had negative operating cash flows of HK$54,538,000 for the year ended 31 December 2024. Taking into consideration that the subsidy for traffic promotion through overseas short video platforms (the "**Subsidy**") will not exceed HK$100 million for the year ending 31 December 2025 and the Subsidy are incurred at the sole direction of the Group, the Directors are of the opinion that the Group will have sufficient financial resources to meet its liabilities when they fall due for the next twelve months from the date of this report. Accordingly, the consolidated financial statements are prepared on a going concern basis.

INTERNAL CONTROL AND RISK MANAGEMENT

Risk management and internal control

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

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

1.1 Risk management organizational structure

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

1.2 Five guiding principles of our risk management system

Principle of comprehensiveness

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

Principle of continuity

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

Principle of prudence

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

Principle of mutual checks and balances

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

Principle of cost-effectiveness

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

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

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

The Board

- Evaluating and determining the nature and extent of the risks (including ESG risks) the Company is willing to take in achieving its strategic objectives;
- Ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems;
- Reviewing the effectiveness of risk management and internal control systems at least annually; and
- Overseeing management of the Company in the design, implementation and supervision of the risk management and internal control systems on an on-going basis.

The Audit Committee

- Assisting the Board to oversee the effectiveness of the design, implementation and supervision of the risk management and internal control systems;
- Reviewing and approving the annual internal audit plan and review results; and
- Reviewing the annual risk management and internal control report of the Group.

The Senior Management

- Identifying and overseeing all risks (including ESG risks) related to the daily operations of the Group;
- Reporting the identified risks to the Board and the Audit Committee, including strategic, operational, financial, ESG, reporting and compliance risks, and risk changes during the year;
- Implementing, executing and overseeing risk management and internal control procedures on an ongoing basis; and
- Drawing up and implementing appropriate action plans to mitigate the identified risks and resolve major internal control deficiencies.

The First Line of Defense	The Second Line of Defense	The Third Line of Defense
Business Team	Risk Management Team	Internal Audit Function

1.4 Risk management procedures

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

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

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

1.5 Internal audit function

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

On the other hand, in order to further strengthen the internal control of the Group, it has also appointed an independent professional consultant ("**Internal Control Consultant**") to conduct an annual review on the effectiveness of the risk management and internal control system for the year ended December 31, 2024. The Internal Control Consultant has reported the findings and improvement suggestions to the Audit Committee, and the management of the Group will continue to closely follow up the relevant rectification measures to ensure that the improvement suggestions are implemented within a reasonable time.

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

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

1.6 Disclosure of inside information policy

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

Communication with Shareholders and Investors

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

Convening of Extraordinary General Meetings by Shareholders of the Company

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

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

Propose Resolutions at General Meetings

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

Enquiries to the Board and Contact Information

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

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

Address: Zone A, Building T18, Jiuxianqiao Diantong Creative Park, Chaoyang District, Beijing
Tel.No.: (+86) 010-87726988
Email: investment@joyspreader.com

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

Communication with Shareholders and Investors Relations

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

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

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

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

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

DIVIDEND POLICY

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

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

CONSTITUTIONAL DOCUMENTS

There are no changes to the Company's constitutional documents for the year ended December 31, 2024.

CORPORATE GOVERNANCE PRACTICES

The Company strives to achieve a high standard of corporate governance to protect the interest of its Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the principles and code provisions of the corporate governance Code. The Board is of the view that, for the year ended December 31, 2024, except for the deviation from code provision C.2.1 of the Corporate Governance Code, the Company has been complying with all applicable code provisions of the Corporate Governance Code.

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

RESPONSIBILITY OF THE BOARD

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

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

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

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

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

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

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

BUSINESS REVIEW

Review and Performance of the Year

A review of the Group's business during the year, a discussion on and analysis of the Group's future business development and the financial and operating key performance indicators used by the Directors in measuring the Group's business performance are set out in the sections headed "Financial Highlights" on pages 7 to 9, "Corporate Profile" on pages 10 to 26 and "Management Discussion and Analysis" on pages 27 to 42 of this annual report.

Environment Policies and Performance

The Group shall comply with the national and local laws and regulations on environment, health and safety in China. The Group has established detailed internal rules on environmental protection. As far as the Group is aware, during the year ended December 31, 2024, the Group complied with relevant environmental and occupational health and safety laws and regulations in China, and no incidents or complaints occurred during the Reporting Period that had a material adverse effect on our business, financial condition or results of operations.

Compliance with Relevant Laws and Regulations

For the year ended December 31, 2024, the Group has established compliance procedures to ensure compliance with applicable laws, rules and regulations that have a significant impact on the Group. The Board and senior management, within their respective scope of responsibilities, together with internal and external professional advisers, monitor policies and practices relating to the Group's compliance with laws and regulations. Changes, if any, in applicable laws, rules and regulations that have a significant impact on the Company will be brought to the notice of relevant employees and relevant business units from time to time. During the Reporting Period, the work of the Board and senior management complied with relevant applicable laws and regulations, the Articles of Association of the Company, charters of the Board Committees, internal policies and the relevant provisions of various internal control systems. Decision-making procedures of the Company are legitimate and effective. Directors and senior management of the Company have performed in a diligent and responsible manner and the resolutions of the Board meetings are implemented faithfully. Meanwhile, the Company has timely performed its disclosure obligations which are in strict compliance with the requirements of the Listing Rules and the Model Code.

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

As far as the Group is aware, employees of the Group and the Group have complied with all relevant rules and regulations that have a significant impact on the Group for the year ended December 31, 2024.

Key Relationships with Stakeholders

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

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

Major Risks and Uncertainties and Risk Management

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

(i) we may fail to retain existing marketers and we-media publishers or attract new marketers and we-media publishers;

(ii) we may be unable to innovate, adapt and respond timely and effectively to rapidly-changing technologies and new market trends in the performance-based we-media marketing services market;

(iii) the performance-based we-media marketing services industry may fail to continue to develop, or develops or grows at a slower pace than expected;

(iv) our algorithms for assessing and predicting potential target audience may be or become flawed or ineffective, and our performance-based marketing may fail to deliver satisfactory results;

(v) we may face limitations on our data collection, or challenges to our right to collect and use such data, which could significantly diminish the value of our services and cause us to lose marketers and we-media publishers; and

(vi) the data that we collect from marketers and we-media publishers may be inaccurate or fraudulent.

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

Events After the Reporting Period

There are no material events that affected the Group after December 31, 2024 and as of the date of this annual report.

DIRECTORS

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

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

Executive Directors

Mr. Zhu Zinan *(Chairman and Chief Executive Officer)*
Mr. Cheng Lin
Ms. Qin Jiaxin

Non-executive Director

Mr. Hu Jiawei

Independent non-executive Directors

Mr. Huang Boyang
Mr. Tang Wei
Mr. Fang Hongwei

In accordance with Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company upon his/her appointment and shall then be eligible for re-election at that meeting. In accordance with Article 16.3 of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of these articles and the Companies Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company upon his/her appointment and shall then be eligible for re-election at the meeting.

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

In accordance with Article 16.18 of the Articles of Association, Mr. Cheng Lin, Mr. Hu Jiawei and Mr. Fang Hongwei shall retire from office at the AGM. Such retiring Directors, being eligible, will offer themselves for re-election at the AGM.

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

Biography of Directors and Senior Management of the Group

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

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

Directors' Service Contracts

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

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

Each of our executive Directors (except for Ms. Qin Jiaxin), non-executive Directors and independent non-executive Directors (except for Mr. Huang Boyang) is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment. Ms. Qin Jiaxin and Mr. Hu Jiawei have entered into a service agreement or appointment letter with the Company, respectively with effect from March 22, 2021, and renewed a service agreement or appointment letter on March 22, 2024. Mr. Hu Jiawei will be re-elected at the forthcoming annual general meeting with a term of three years. Ms. Qin Jiaxin has been re-elected at the annual general meeting of the Company held on June 28, 2024 with a term of three years. Mr. Huang Boyang has entered into a service agreement or appointment letter with the Company with effect from March 31, 2023, and has been re-elected at the annual general meeting of the Company held on June 30, 2023 with a term of three years.

Remuneration of the Directors and Five Highest Paid Individuals

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

During the year ended December 31, 2024, none of the Directors has waived or agreed to waive any emoluments.

Employees and Remuneration Policies

A review of the Group's employees and remuneration policies during the year is set out in the section headed "Management Discussion and Analysis" on pages 27 to 42 of this annual report.

The Independence of Independent Non-Executive Directors

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

The Directors' Interests in Competing Business

As at December 31, 2024, none of the Directors or their respective associates was engaged in or had an interest in any business which competes or might compete with the business of the Group.

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

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

Connected Transactions

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

Save as disclosed below in this annual report, during the year ended December 31, 2024, the Company had no connected transactions or continuing connected transactions which fell to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

CONTRACTUAL ARRANGEMENT

The Group has entered into the Contractual Arrangements with WFOE, Beijing Joyspreader and the Registered Shareholders, to enable us to, among other things, (1) obtain substantially all of the economic benefits from Beijing Joyspreader in consideration for the management and consultation services provided by the Company in this regard; (2) exercise effective control over Consolidated Affiliated Entities; and (3) hold an exclusive option to purchase all or any part of equity interests in Beijing Joyspreader where permitted by PRC laws. Accordingly, through the Contractual Arrangements, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows will be consolidated into the Company's financial statements.

I. The Specific Agreements that Constitute the Contractual Arrangements

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

1. Exclusive Management and Consultation Service Agreement

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

(1) to formulate the management mode and operation plan of the Consolidated Affiliated Entities;

(2) to facilitate the construction of enterprise standardization and information management system of the Consolidated Affiliated Entities;

(3) to formulate market expansion plan of the Consolidated Affiliated Entities;

(4) to provide services in relation to market research, market survey, research consultation and judgment, and to provide market information to the Consolidated Affiliated Entities;

(5) to assist the Consolidated Affiliated Entities in establishing complete management of business process;

(6) to provide management and consultant services in relation to daily operation, finance, investment, asset, credit and debt, human resource, internal informatization, and other management and consultant services;

(7) to provide management, development, upgrading, renewal and maintenance services of office application system and network system to the Consolidated Affiliated Entities;

(8) to formulate client maintenance plan for the Consolidated Affiliated Entities and assist them in maintaining the relationships with clients;

(9) to provide advice and suggestion in relation to asset and business operation of the Consolidated Affiliated Entities;

(10) to provide advice and suggestion in relation to the negotiation, execution and implementation of material contracts;

(11) to provide advice and suggestion in relation to acquisitions and mergers and other expansion plan of the Consolidated Affiliated Entities;

(12) to provide management of technical support;

(13) to provide training on staff of the Consolidated Affiliated Entities and to help improve their professional skills; and

(14) to provide other services from time to time based on the actual business requirement and its capacity.

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

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

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

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

2. Exclusive Option Agreement

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

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

(1) Without the prior written consent of WFOE, Beijing Joyspreader shall not in any manner supplement, change or alter its constitutional documents or increase or decrease its registered capital or change the structure of its registered capital in other manner;

(2) Beijing Joyspreader shall prudently and effectively operate its business and transactions in accordance with the good financial and business standards to avoid its liquidation, dissolution and bankruptcy;

(3) Beijing Joyspreader shall not sell, transfer, create encumbrances or otherwise dispose of any assets, business, legal or beneficial interest of its income or allow any guarantee or security to be created on its assets;

(4) Beijing Joyspreader shall not terminate or procure the management team to terminate the Contractual Agreements entered into with WFOE, or enter into any contracts or agreements that conflict with the Contractual Agreements without WFOE's prior written consent;

(5) Beijing Joyspreader shall not incur, take up, guarantee or allow any indebtedness other than those in the ordinary course of business and having been disclosed to and consented by WFOE in writing;

(6) Beijing Joyspreader shall operate its business in order to maintain its asset value or not allow any acts or omission which adversely affects its business or assets value;

(7) Without the prior written consent of WFOE, Beijing Joyspreader shall not enter into any material contracts with a value above RMB10 million, except the contracts executed in the ordinary course of business;

(8) Without the prior written consent of WFOE, the Consolidated Affiliated Entities shall not incur, take up, guarantee any form of indebtedness to any third party nor pledge or allow the encumbrance thereon of any security interest on the shares or any asset of the Consolidated Affiliated Entities;

(9) Beijing Joyspreader and its affiliates shall provide its labor, operation and financial information to WFOE or its designated person upon WFOE's request;

(10) when necessary, Beijing Joyspreader and its affiliates shall only purchase insurances from insurance companies that WFOE recognizes, and the amounts and categorizes of the insurances shall maintain the same with the companies having similar businesses or assets in the same field;

(11) Beijing Joyspreader and its affiliates shall not separate, or merge, or enter into joint operation agreements with other entities, or acquire or be acquired by other entities, or invest in any entities;

(12) Beijing Joyspreader shall immediately inform WFOE if its assets, business or income involved in any disputes, litigations, arbitrations or administrative proceedings, and take all necessary measures upon WFOE's requests;

(13) Beijing Joyspreader shall sign all necessary and appropriate documents, take all necessary and proper acts, bring up all necessary and proper requests, or provide necessary and proper defenses against claims to maintain Beijing Joyspreader and its affiliates' ownership for all the assets;

(14) if the Registered Shareholders or Beijing Joyspreader fails to perform the tax obligations under applicable laws and results in obstacles for WFOE to exercise its exclusive option right, Beijing Joyspreader or the Registered Shareholders shall pay the taxes or pay the same amount to WFOE so WFOE may pay the taxes instead; and

(15) Beijing Joyspreader shall not distribute any dividend to its shareholders without WFOE's written consent. Each Registered Shareholder shall inform and transfer all distributable dividends, capital dividend and other asset receivable by him at nil consideration to his designated WFOE or a third party within 3 days of receiving such interests.

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

3. Equity Pledge Agreement

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

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

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

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

4. Shareholders' Rights Proxy Agreement

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

(1) to attend shareholders' meetings of Beijing Joyspreader and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;

(2) to prompt appointed directors to attend board meetings of Beijing Joyspreader and to execute any and all written resolutions and meeting minutes;

(3) to exercise all shareholder's rights and shareholder's voting rights in accordance with law and articles of association of Beijing Joyspreader;

(4) to sell and transfer the equity interests of Beijing Joyspreader held by the Registered Shareholders of Beijing Joyspreader and to execute and take any action necessary for such sale or transfer;

(5) to dispose any or all of the assets in Beijing Joyspreader;

(6) to nominate or appoint directors and supervisors of Beijing Joyspreader;

(7) to determine and take actions for winding-up and dissolution of Beijing Joyspreader; and

(8) exercise other shareholders' rights as specified in other applicable laws and regulations and the articles of association of Beijing Joyspreader (and its amendments from time to time).

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

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

5. Spousal Consent Letters and Undertakings from the Registered Shareholders

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

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

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

II. Grounds for the Contractual Arrangements

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

The Consolidated Affiliated Entities are Beijing Joyspreader and its subsidiaries, each of which was established under PRC laws. Under the Contractual Arrangements, the Restricted Businesses (as defined in the Prospectus) are conducted by the Consolidated Affiliated Entities, while WFOE in turn asserts management control over the business operations of each of the Consolidated Affiliated Entities and derives the economic benefits from the Consolidated Affiliated Entities. Each of Beijing Joyspreader, Beijing Wuyou Technology Co., Ltd (伍遊(北京)科技有限公司), Horgos Wuyou Internet Technology Co., Ltd (霍爾果斯伍遊網絡科技有限公司), Horgos Yaoxi Internet Technology Co., Ltd (霍爾果斯耀西網絡科技有限公司) and Zhipu Shulian Internet Technology Co., Ltd (霍爾果斯智普數聯網絡科技有限公司) has obtained the Internet Culture Operation License, which is essential to the operation of our business.

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

III. The Development of PRC Foreign Investment Law

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

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

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

IV. Risks Relating to the Contractual Arrangements

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

- If the PRC government finds that the agreement on setting up a business operation structure in China does not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.

- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership and Beijing Joyspreader or their Shareholders may fail to perform their obligations under the Contractual Arrangements. We may lose the ability to use and enjoy assets held by the PRC Operational Entities (as defined in the Prospectus) that are important to the operation of our business if any of the PRC Operational Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

- The ultimate shareholder of Beijing Joyspreader may potentially have a conflict of interest with us, which could materially and adversely affect our business.

- If we exercise the option to acquire equity ownership and asset of Beijing Joyspreader, the ownership and asset transfer may subject us to certain limitations and substantial costs.

- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

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

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

(2) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(3) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our Company's annual reports; and

(4) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

V. Listing Rules Implications

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

VI. The Waiver Granted by the Stock Exchange

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

(1) no changes shall be made without the approval of the independent non-executive Directors;

(2) no changes shall be made without the approval of the independent Shareholders;

(3) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities;

(4) upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, the Contractual Arrangements may be renewed and/or reproduced without obtaining the approval of the Shareholders, on substantially the same terms and conditions of Contractual Arrangements; and

(5) The Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

VII. Confirmation from Independent Non-Executive Directors

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried out during the year ended December 31, 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) during the year end December 31, 2024, no dividends or other distributions have been made by Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, (iii) during the year end December 31, 2024, the Group has not entered into, renewed or reproduced any new contracts with Consolidated Affiliated Entities, and (iv) Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group on normal commercial terms or better, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Deloitte Touche Tohmatsu, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu has issued its unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in connection with the Equity Pledge Agreement and the Exclusive Management and Consultation Service Agreement for the year ended December 31, 2024 in accordance with Main Board Listing Rules 14A.56, with an emphasis of matter paragraph in relation to the fact that the Company is not required to establish and announce an annual cap in respect of the continuing connected transactions in connection with the Equity Pledge Agreement and the Exclusive Management and Consultation Service Agreement for the year ended December 31, 2024.

IX. Non-exempted Continuing Connected Transactions

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

Transactions	Parties involved	Continuing connected transactions in relation to	Continuing connected transactions amount for the year ended December 31, 2024	Annual cap for the year ended December 31, 2024
Equity Pledge Agreement entered into among Beijing Joy Spreader Interactive Network Technology Group Co., Ltd (formerly known as Beijing Joy Spreader Interactive Network Technology Co., Ltd, "Beijing Joyspreader"), Joy Spreader Interactive Group Co., Ltd (formerly known as Beijing Joy Spreader Interactive Technology Co., Ltd, "WFOE") and Registered Shareholders	Beijing Joyspreader and its subsidiaries (collectively referred to as the "Consolidated Affiliated Entities") and the holders of equity interests of the Consolidated Affiliated Entities, including WFOE	Dividends or other distributions made by Consolidated Affiliated Entities to the holders of equity interests of Consolidated Affiliated Entities	Nil	Not applicable
Equity Pledge Agreement entered into among Beijing Joyspreader, WFOE and Registered Shareholders	Consolidated Affiliated Entities and the holders of equity interests of the Consolidated Affiliated Entities, including WFOE	Dividends or other distributions made by Consolidated Affiliated Entities to the holders of equity interests of Consolidated Affiliated Entities	Nil	Not applicable
Exclusive Management and Consultation Service Agreement entered into between Beijing Joyspreader and WFOE	Consolidated Affiliated Entities and WFOE	Management and consultation service provided by WFOE to Consolidated Affiliated Entities	Nil	Not applicable

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

As at December 31, 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Interests in Shares or Underlying Shares of the Company

Name of Directors	Nature of interest	Number of Shares/ underlying Shares(1)	Approximate percentage of shareholding interest
Mr. Zhu	Interest in controlled corporation(2)	783,409,400 (L)	33.03%
Ms. Qin Jiaxin	Beneficial owner	4,400,000 (L)	0.19%

Notes:

(1) The letter "L" denotes the person's long position in the Shares and the underlying Shares of the Company.

(2) 747,298,300 Shares and 36,111,100 Shares of the Company are held by ZZN. Ltd. and Laurence mate. Ltd. respectively. Mr. Zhu held 100% interests of ZZN. Ltd. and 90% interests of Laurence mate. Ltd., and therefore Mr. Zhu is deemed to be interested in the Shares held by ZZN. Ltd. and Laurence mate. Ltd. under the SFO.

Interests in Shares or Underlying Shares of Beijing Joyspreader

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

Notes:

(1) The letter "L" denotes the person's long position in the Shares and the underlying Shares of the Company.

(2) Mr. Zhu held 90% equity interests of Beijing Zinan and Friends, which in turn held 1,111,111 shares of Beijing Joyspreader, and therefore Mr. Zhu is deemed to be interested in the shares held by Beijing Zinan and Friends in Beijing Joyspreader under the SFO.

Interests in Shares or Underlying Shares of Joy Spreader International

Name of Directors	Nature of interest	Number of shares of Joy Spreader International(1)	Approximate percentage of shareholding interest in Joy Spreader International
Mr. Zhu	Beneficial owner	1,000 (L)(2)	10.00%

Notes:

(1) The letter "L" denotes the person's long position in the Shares and the underlying Shares of the Company.

(2) Pursuant to Joy Spreader International Share Award Scheme adopted on September 28, 2023, on the same date, Mr. Zhu was conditionally granted 1,000 awards, involving 1,000 shares of Joy Spreader International in aggregate, among which 200 shares was immediately vested to him, and in accordance with the stepwise vesting schedule, 200 shares were vested on March 1, 2024, and the remaining 600 shares were vested in accordance with the stepwise vesting schedule (300 shares vested on September 1, 2024 and 300 shares vested on March 1, 2025). As the results of operations of Joy Spreader International are yet to be observed, a total of 600 Shares vested to him on September 1, 2024 and on March 1, 2025 have not yet been vested.

Save as disclosed above, as at December 31, 2024, so far as it was known to the Directors or chief executives of the Company, none of the Directors or chief executives of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they have taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

THE DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at December 31, 2024, so far as it was known to the Directors, the following persons (other than the Directors and chief executives of the Company) had interests and/or short positions in the Shares or underlying Shares which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company under section 336 of the SFO.

Interests in Shares or Underlying Shares of the Company

Name of Shareholder	Nature of interest	Number of Shares/ underlying Shares(1)	Approximate percentage of shareholding interest
Mr. Zhu	Interest in controlled corporation(2)	783,409,400 (L)	33.03%
ZZN.Ltd.	Beneficial owner(3)	747,298,300 (L)	31.51%

Notes:

(1) The letter "L" denotes the person's long position in the Shares and the underlying Shares of the Company.

(2) Mr. Zhu held 100% interests of ZZN. Ltd. and 90% interests of Laurence mate. Ltd. As at December 31, 2024, Laurence mate. Ltd. held 36,111,100 Shares, representing approximately 1.52% of the total Shares.

(3) ZZN. Ltd. is a limited liability company incorporated in the BVI and wholly owned by Mr. Zhu.

Save as disclosed above, as at December 31, 2024, the Directors and chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which was required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN MATERIAL CONTRACTS

None of the controlling shareholders of our Group or their subsidiaries had a material interest, directly or indirectly, in any material contract during the Reporting Period for the provision of services to the Company or the Group to which any of its subsidiaries belongs or other reasons.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group's sales to its five largest customers accounted for 60.54% of the Group's total revenue for the year ended December 31, 2024 and 37.37% for the year ended December 31, 2023. Sales to the Group's largest customer accounted for 28.88% of the Group's total revenue for the year ended December 31, 2024, compared to 20.13% for the year ended December 31, 2023.

Major Suppliers

The purchase from the Group's five latest suppliers accounted for 99.77% of the Group's total purchases for the year ended December 31, 2024 and 99.88% for the year ended December 31, 2023. The purchase from the Group's largest supplier accounted for 54.23% of the Group's total purchases for the year ended December 31, 2024, as compared to 92.41% for the year ended December 31, 2023.

For the year ended December 31, 2024, none of the Directors or any of their close associates or Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued Shares (excluding treasury shares), had an interest in any of the five largest customers and the five largest suppliers of the Group.

MANAGEMENT CONTRACTS

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

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company during the year ended December 31, 2024.

PERMITTED INDEMNITY OF DIRECTORS

According to the Articles of Association, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses incurred or sustained by him/her in the performance of his/her duties or in the execution of his duties on trust or otherwise incurred or sustained. For the year ended December 31, 2024, the Company has arranged appropriate liability insurance for the Directors of the Group.

RESULTS

The Group's results for the year ended December 31, 2024 and the Group's financial position as at that date are set out in the consolidated financial statements on pages 137 to 140.

DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended December 31, 2024.

SHARE CAPITAL

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

BONDS ISSUED

During the year ended December 31, 2024, the Company has not issued any bonds and convertible bonds.

BANK LOANS AND OTHER BORROWINGS

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

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

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

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2024. To the best knowledge of Directors, there was also not any material litigation or claims that were pending or threatened against the Group during the year ended December 31, 2024.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

RESERVES

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

As at December 31, 2024, the Company's reserves available for distribution to Shareholders of the Company amounted to HK$473,992,000.

CHARITABLE DONATIONS

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

PROPERTY, PLANT AND EQUIPMENT

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

USE OF PROCEEDS FROM LISTING

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 Offer Price and Allotment Results, dated September 20, 2020 after deducting underwriting fees, commissions and related expenses payable by the Company, the net proceeds obtained by the Company from the Global Offering (the "**Original Net Proceeds from the Listing**") amounted to approximately HK$1,498.83 million (including the net proceeds from partial exercise of the Over-allotment Option).

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

The Board has passed a resolution on August 31, 2022 to determine that the unutilized Original Net Proceeds from the Listing and the Increased Net Proceeds from the Listing 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 proceeds from the Listing upon first reallocation as of January 1, 2024	Utilized proceeds from the Listing upon first reallocation from January 1, 2024 to March 28, 2024	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024
	(HK$ million)	(%)	(HK$ million)	(HK$ million)	(HK$ million)
To develop our short-form video mobile new media monetization business, the net proceeds:					
(1) Will be used to invest in developing our self-owned user traffic;	511.11	34.10%	–	–	–
(2) Will be used to expand our team;	61.45	4.10%	26.09	–	26.09
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.50%	7.07	–	7.07
(4) Will be used to procure high quality copyrights or ownership of high quality interactive entertainment products or license-in high quality interactive entertainment products; and	265.29	17.70%	32.16	–	32.16
(5) Will be used to continuously develop and optimize our algorithms and data collection capabilities to increase the effectiveness of recommendation algorithms for short-form videos.	23.98	1.60%	1.46	–	1.46

The intended use of the net proceeds from the Listing as described in the Prospectus	Original Net Proceeds from the Listing (including net proceeds from the exercise of the Over-allotment Option) (HK$ million)	Approximate percentage of Original Net Proceeds from the Listing (%)	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024 (HK$ million)	Utilized proceeds from the Listing upon first reallocation from January 1, 2024 to March 28, 2024 (HK$ million)	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024 (HK$ million)
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%	67.21	–	67.21
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;	46.46	3.10%	–	–	–
(3) Will be used to expand our interactive entertainment product offerings; and	121.41	8.10%	45.77	–	45.77
(4) Will be used to increase and diversify our collaboration with licensed or large agents of popular mobile new media platforms in order to capture high-quality mobile new media resources.	22.48	1.50%	22.48	–	22.48

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

The Board has passed a resolution on March 28, 2024 to determine that the unutilized net proceeds from the Listing upon first reallocation were reallocated for the second time as follows:

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 proceeds from the Listing upon first reallocation as of January 1, 2024	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024	Reallocation of proceeds from the Listing upon first reallocation	Proceeds upon second reallocation	Unutilized proceeds from the Listing upon second reallocation	Utilized proceeds from the Listing upon second reallocation from March 29, 2024 to December 31, 2024	Unutilized proceeds from the Listing upon second reallocation as of December 31, 2024	Expected timetable for unutilized proceeds from the Listing upon second reallocation
	(HK$ million)	(%)	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)	
To develop our short-form video mobile new media monetization business, the net proceeds:										
(1) Will be used to invest in developing our self-owned user traffic;	511.11	33.61%	–	–	+30.00	541.11	30.00	29.64	0.36	Over the next half year
(2) Will be used to expand our team;	61.45	4.04%	26.09	26.09	-10.00	51.45	16.09	–	16.09	Over the next half year
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.46%	7.07	7.07	–	37.47	7.07	–	7.07	Over the next half year
(4) Will be used to procure high quality copyrights or ownership of high quality interactive entertainment products or license-in high quality interactive entertainment products; and	265.29	17.45%	32.16	32.16	-20.00	245.29	12.16	–	12.16	Over the next half year
(5) Will be used to continuously develop and optimize our algorithms and data collection capabilities to increase the effectiveness of recommendation algorithms for short-form videos.	23.98	1.58%	1.46	1.46	–	23.98	1.46	–	1.46	Over the next half year

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) (HK$ million)	Approximate percentage of updated net proceeds upon first reallocation (%)	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024 (HK$ million)	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024 (HK$ million)	Reallocation of proceeds from the Listing upon first reallocation (HK$ million)	Proceeds upon second reallocation (HK$ million)	Unutilized proceeds from the Listing upon second reallocation (HK$ million)	Utilized proceeds from the Listing upon second reallocation from March 29, 2024 to December 31, 2024 (HK$ million)	Unutilized proceeds from the Listing upon second reallocation as of December 31, 2024 (HK$ million)	Expected timetable for unutilized proceeds from the Listing upon second reallocation
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	7.00%	67.21	67.21	-60.00	46.42	7.21	–	7.21	Over the next half year
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;	46.46	3.06%	–	–	+60.00	106.46	60.00	13.10	46.90	Over the next half year
(3) Will be used to expand our interactive entertainment product offerings; and	81.41	5.35%	45.77	45.77	-40.00	41.41	5.77	–	5.77	Over the next half year
(4) Will be used to increase and diversify our collaboration with licensed or large agents of popular mobile new media platforms in order to capture high-quality mobile new media resources.	22.48	1.48%	22.48	22.48	-15.00	7.48	7.48	–	7.48	Over the next half year

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 proceeds from the Listing upon first reallocation as of January 1, 2024	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024	Reallocation of proceeds from the Listing upon first reallocation	Proceeds upon second reallocation	Unutilized proceeds from the Listing upon second reallocation	Utilized proceeds from the Listing upon second reallocation from March 29, 2024 to December 31, 2024	Unutilized proceeds from the Listing upon second reallocation as of December 31, 2024	Expected timetable for unutilized proceeds from the Listing upon second reallocation
	(HK$ million)	(%)	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)	(HK$ million)	
To finance our international expansion, the net proceeds:										
(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	61.27	-55.00	6.45	6.27	0.14	6.13	Over the next half year
(2) Will be used for procuring user traffic from overseas mobile new media platforms or their agents that provide traffic resources to extend our performance-based mobile new media marketing services to overseas platforms for both domestic marketers and foreign marketers that seek to market their products on overseas short-video platforms;	40.90	2.69%	–	–	+60.00	100.90	60.00	–	60.00	Over the next half year
(3) Will be used to develop overseas versions of our technology platforms; and	33.40	2.20%	–	–	+30.00	63.40	30.00	–	30.00	Over the next half year
(4) Will be used to expand overseas E-commerce business.	18.97	1.25%	–	–	+20.00	38.97	20.00	6.89	13.11	Over the next half year
The net proceeds to develop our culture business	60.00	3.94%	60.00	60.00	–	60.00	60.00	10.13	49.87	Over the next half year
For our working capital and general corporate purposes	149.88	9.85%	1.80	0.19	–	149.88	0.19	–	0.19	Over the next half year
Total	1,520.67	100.00%	325.31	323.70	–	1,520.67	323.70	59.90	263.80	

As of December 31, 2024, the remaining unutilized proceeds from the Listing upon second reallocation amounted to approximately HK$263.8 million. Save for the first and second reallocation as disclosed above, the net proceeds from the Listing have been used according to the intended uses as previously disclosed by the Company.

As at the date of this annual report, save as disclosed above, the Directors are not aware of any material change or delay to the planned use of the net proceeds from the Listing.

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 fully utilized the proceeds from the Placing to support the rapid development of the Group's overseas sales of E-commerce goods business, and the use of the proceeds from the Placing is in line with the Company's previously disclosed intentions.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend the AGM of the Company to be held on June 27, 2025 (Friday), the register of members of the Company will be closed from June 24, 2025 (Tuesday) to June 27, 2025 (Friday), both days inclusive, during which period no transfer of Shares of the Company will be effected. In order to be entitled to attend the AGM, all share transfer documents accompanied by the relevant Share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on June 23, 2025 (Monday).

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES OF THE COMPANY

During the twelve months ended December 31, 2024, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities (or sales of treasury shares (note) (if any)). As at December 31, 2024, the Company did not hold any treasury share (note).

Note: as defined in the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

TAX RELIEF AND EXEMPTION

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

PRE-EMPTIVE RIGHTS

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

AUDITOR

The Company did not change its auditor since its Listing. The Company has appointed Deloitte Touche Tohmatsu as the auditor of the Company for the year ended December 31, 2024. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the forthcoming AGM for the approval of Shareholders.

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

Beijing, China
March 28, 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THE REPORT

1. Reporting Scope

The Report covers Joy Spreader Group Inc. and its subsidiaries. For ease of presentation, the terms "Joy Spreader Group", "Company", "we", "us", "our", "the Group" and "the Company" are also used in the Report.

2. Time Range

The Report covers the period from January 1, 2024 to December 31, 2024.

3. Basis for Preparation

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and with reference to the Guidelines for the Preparation of Social Responsibility Reports GB/T 36001-2015, which is one of national standards of the People's Republic of China.

4. Source of Data

Information used in the Report is sourced from the Company's official documents, statistical reports, or relevant public information, with financial data presented in Renminbi, unless otherwise specified.

5. Report Access

The electronic version of the Report is published. You can log in to the "Information Disclosure" section of Joy Spreader Group Inc. to download the electronic version of the Report.

6. Feedback

If you have any questions regarding the Report or need a hard copy of the Report, please contact us via email investment@joyspreader.com.

7. Contact Information

Investor Relations: investment@joyspreader.com
Address: Zone A, Building T18, Jiuxianqiao Diantong Creative Park, Chaoyang District, Beijing.
Tel: 010-87726988

II. CHAIRMAN'S STATEMENT

Looking back on 2024, it remained a year of challenges and opportunities. Since 2023, the domestic market environment has undergone dramatic changes, particularly with a challenging business environment for private enterprises. To navigate these challenges, Joy Spreader Group has actively pursued solutions with a primary focus on two primary directions and dimensions.

- The first direction being the Group's domestic partnership with central state-owned enterprises (SOEs).

  Under the clear guidance of the national direction of digitalization of the cultural industry, the Group aligned its domestic business with central SOEs by establishing a mixed-ownership reform company, Poly Joy Spreader Digi-Entertainment (Beijing) Co., Ltd. ("**Poly Digi-Entertainment**"), with cultural central SOEs. Amid the current business environment, leveraging this mixed-ownership reform platform, the Group maximized the central SOEs' strategic position to fully integrate domestic algorithm-based marketing technology and digitalization capabilities fully with Poly Culture's competitive businesses, bringing several achievements to fruition within two years. Notably, the Group achieved commercial success across AI+ entertainment, AIGC, and blockchain sectors.

- The second direction being actively expanding the Group's businesses in Southeast Asia.

  Capitalizing on ASEAN's rise to China's second-largest export destination since 2023. Joy Spreader Group has intensified efforts in the 3C E-commerce business in this market since 2023. We have built our own E-commerce platform, MARTOP, achieving a GMV of $1.3 billion within two years of its launch. In particular, the successful transition of our overseas business from big data to AI-driven algorithmic marketing delivered significant efficiency improvements in marketing, especially traffic placement, and product selection, substantially increasing our overseas e-commerce GMV.

- From the perspective of business fundamentals, the Group invested heavily in algorithm capabilities to embrace the AI era.

  In terms of business direction, the Group established partnership with central SOEs on domestic front and actively expanded presence in Southeast Asia market on international front. In terms of technology, building on more than ten years of technological expertise, the Group has accumulated capabilities for processing massive marketing data and developing algorithm models. By incorporating advanced AI models from both domestic and global sources, we developed proprietary computing power, an AI model knowledge library, and specific AI models, allowing us to evolve from an algorithm-driven to vertical AI model-driven marketing technology company.

- In terms of corporate value enhancement and strategic capital management, the Group is actively seeking new shareholders.

  The Group's continuous R&D investments and business transformation resulted in suboptimal financial performance in the past two years. When coupled with economic cycle fluctuations and capital market sentiment volatility, the share price of the Company remained at a low level. Despite the Group's current valuation being lower than expected, our fundamental business metrics continue to improve. We are also actively pursuing solutions by engaging with strategic investors and business partners, securing new capital and assets, and expanding into new business segments to enhance financial performance and restore market confidence.

- Transparency and efficiency are cornerstone of trust for the Group

  The Group firmly believes that sound corporate governance is a core element in achieving sustainable development. We are committed to building a transparent, fair, and efficient governance framework to ensure scientific rigor and transparency in decision-making processes. By strengthening internal controls, enhancing risk management capabilities, and optimizing shareholder structure, the Group comprehensively safeguards the rights and interests of all stakeholders. Every step we take is steady and resolute, striving to create long-term value for shareholders and stakeholders while continuously elevating corporate governance standards. This commitment reinforces trust in the Group and drives our enduring growth.

- Advance together to create a sustainable future

  Consistently upholding a "people-first" operational philosophy, the Group remains committed to creating a workplace environment that fosters sense of belonging and achievement for employees. We attach great importance to employee growth and well-being by offering diversified training and development opportunities, cultivating an inclusive and harmonious work atmosphere where every employee can unlock their potential, enhance professional capabilities, and expand career prospects.

  At the same time, the Group recognizes corporate social responsibility as the foundation of existence. Committed to giving back to society, Joy Spreader Group actively engages in public welfare initiatives, including supporting educational equity, advancing rural revitalization, caring for vulnerable groups, and promoting cultural diversity. We strive to contribute across multiple dimensions, generate positive societal impact, and drive sustainable development. We are working hand-in-hand with stakeholders to build a better future.

- Green marketing to contribute to a sustainable future

  As global environmental issues garner increasing attention today, the Group, as a member of the new media marketing industry, acknowledges our responsibility to drive green transformation within the sector. Over the past year, we actively promoted green marketing principles, minimized non-essential paper consumption and adopted energy-efficient office facilities to minimize environmental impact. We firmly believe that every small change contributes to the future of our climate. The Group will remain committed to advancing green marketing practices, and integrating innovative technologies with environmental principles to actively contribute to the sustainable development of the industry, and will work with all stakeholders to build a green future.

III. DIGITAL EXPANSION

1. About Joy Spreader Group

1.1 Company profile

Joy Spreader Group Inc. is an algorithm-driven new media marketing technology group specializing in providing innovative and efficient marketing solutions. The successful listing of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on September 23, 2020 marked a significant milestone in the Group's development. With its superior technical capabilities and market insights, the Group has gained a strong foothold in the new media marketing industry.

Core business of Joy Spreader covers five segments, namely, interactive entertainment product promotion, mobile application download, e-commerce, IP traffic cultivation and digital asset services, and boasts a coordinated structure of three operational pillars: domestic operations, overseas expansion, and strategic initiatives. By providing customers with marketing solutions on new media platforms, the Group strives to help customers improve marketing effectiveness and efficiency. In algorithmic marketing operations, the Group possesses robust data capabilities and has established precision algorithm models. Leveraging big data matching, we effectively connect products with target consumer audiences (Direct-to-Consumer, "**DTC**"), achieving marketing cost reduction and efficiency enhancement. Simultaneously, our accumulated product data and user consumption data empower supply chain partners to develop CRM and ERP systems, helping them to build their core competitiveness in the era of digitalization. In terms of overseas business, Joy Spreader Group has set up an overseas e-commerce department to promote the interest-based recommendation algorithm and digital supply chain to go overseas, and built supply chain service systems such as cross-border sourcing of goods, overseas warehousing, local logistics, offline and online payment, etc., and set up overseas e-commerce standalone websites based on the interest algorithm model.

The Company has successfully synergized the strengths of a private listed tech enterprise, including market mechanisms, operational efficiency, and technological innovation, with the capital, resources, technical expertise, and managerial advantages of central SOEs through its participation in the mixed-ownership reform of central cultural SOE. This initiative has not only fortified the Group's core competitiveness but also enabled the cultivation of own traffic, further boosting market influence and business expansion capabilities. By leveraging this strategic collaboration, the Group integrates complementary resources of the two parties to promote innovation-driven development, and deliver enhanced services and solutions to clients, thus creating greater value for shareholders and stakeholders.

Mission

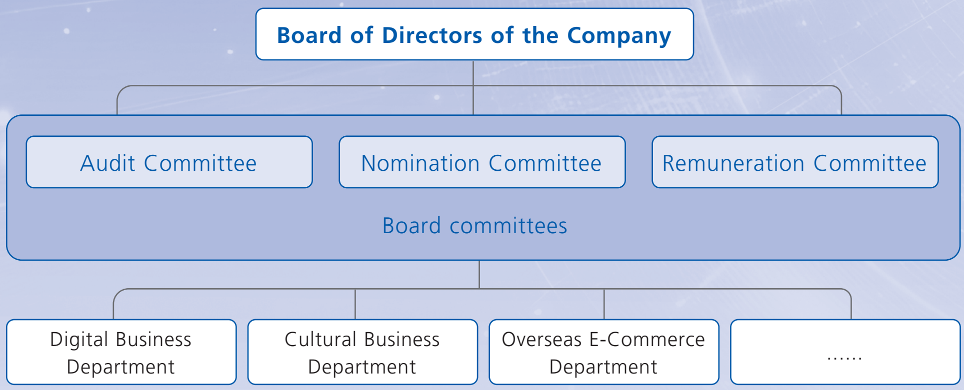
Leveraging cutting-edge algorithmic technology and innovative marketing concept, we deliver unparalleled value for our clients

Vision

Becoming the world's leading new media marketing technology group, driving progress in both business and society through technological empowerment

1.2 Organizational Structure

The Board of Directors of the Company is the highest operational decision-making body of the Group and is responsible for formulating overall strategies and overseeing the execution by the management. The Board of Directors has three major Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, which lead the operation of the Group's various departments (including the Digital Business Department, the Cultural Business Department and the Overseas E-Commerce Department). Each Board committee is provided with sufficient resources to fulfill its duties and may seek independent professional advice where appropriate to ensure the professionalism and effectiveness of decision-making. This structure aims to strengthen corporate governance, protect the interests of shareholders and stakeholders, and promote the sustainable development of the Group.



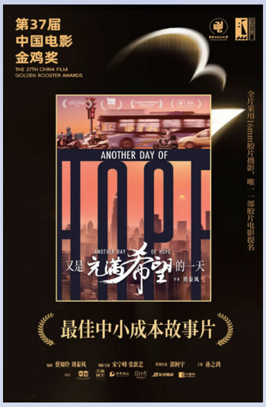
2. Corporate History

2024	The Company experienced further business development
2022	The Company became a private technology company that establishes a company through mix-ownership reform with central cultural SOE
2021	The Company became one of the first Chinese technology company serving commercialization of an overseas short video platform
2020	The Company was successfully listed on the Main Board of Hong Kong, making it the "first listed algorithmic marketing company"
2019	The Company became one of the first companies serving commercialization of Douyin
2013	The Company became one of the first technology companies serving commercialization of WeChat Media Platform
2008	Joy Spreader Group Inc. was established

3. Awards and Honors

On January 23, 2024, the Company received the "2023 Philanthropy Practice Award" and the "2023 Responsible Business Leadership Award" at the 13th Philanthropy Festival.

On November 16, 2024, the Company received the "Best Low to Medium-Budget Feature Film" at the 37th Golden Rooster Awards ceremony.



Caption: Joy Spreader Group received the "Best Low to Medium-Budget Feature Film" at the 37th Golden Rooster Awards ceremony

IV. SOLIDIFYING FOUNDATION THROUGH SOUND GOVERNANCE

1. ESG management mechanism

The Company has established a sound ESG (Environmental, Social and Governance) governance structure and has implemented a hierarchical management system under the leadership of the Board of Directors. The Board of Directors, as the highest decision-making body for ESG matters, supervises and directs major ESG matters, approves ESG policies and targets, and finalizing ESG reports based on the current status of the Company's development, and adjusts ESG policies in accordance with the progress of the development of the Company's ESG matters. Under the Board, the Group's ESG Working Group has been set up as a dedicated organization for ESG management. Its main responsibilities include identifying and assessing the Group's significant ESG risks, formulating ESG strategic planning and annual work plans, setting ESG performance targets and conducting ESG assessment and evaluation. At the execution level, each functional department of the Group is responsible for the implementation of the ESG work plan, the collection and collation of ESG-related data, the dissemination and updating of ESG policy information, and the regular feedback of ESG work progress and problems to ensure the effective operation of the ESG management system.

Level	Role	Duties and Responsibilities
L1	Board of Directors	– Comprehensively supervise major ESG issues of the Company – Approve ESG policies – Approve ESG reports
L2	ESG Working Group of the Group	– Identify the Group's key ESG risks – Develop ESG management work plan – Develop ESG objectives – Conduct ESG performance appraisals
L3	Departments of the Group	– Implement ESG tasks in accordance with the ESG work plan – Collect ESG data, policies and other relevant information of the Group – Feedback to management on issues identified in ESG's work

2. Materiality Assessment

In identifying material issues for the year, the Company conducted materiality analysis based on the "materiality" principle of the Stock Exchange from the dimensions of "materiality to stakeholders" and "materiality to the sustainable development of the Joy Spreader Group" to gain a deeper understanding of the concerns and expectations of stakeholders. Based on the reference database of issues and in line with the development strategy of Joy Spreader Group, the Company benchmarked against international advanced ESG conceptual frameworks and standards, including the United Nations Sustainable Development Goals (UNSDGs), the ESG Guidelines of the Stock Exchange, the Sustainability Accounting Standards Board (SASB), and MSCI. This is to ensure that the Group's ESG strategy is in line with international best practices, and to effectively respond to the needs of stakeholders and promote sustainable development.

Through a four-step process of external analysis, internal assessment, issue identification, and issue validation and verification, the Company finally identified 25 material issues and formed a matrix of material issues. Based on the results of the assessment, the Company formulated and adjusted our sustainability strategy and objectives to promote sustainable development. This process aims to ensure that the Group's ESG strategy is aligned with business development and effectively responds to the expectations and needs of stakeholders. By continuously optimizing our sustainability strategy, the Company is committed to creating long-term value for shareholders and stakeholders, while bringing about a positive impact on society and the environment.

Environmental Issues	Social Issues	Governance Issues
1. Office Supplies Management 2. Environmental Management System 3. Use of Sustainable Materials 4. Responding to Climate Change 5. Wastewater and Waste Management 6. Responding to Climate Change 7. Resource Management 8. Exhaust Management	1. Talent Management 2. Employee Health and Safety 3. Staff Training and Development 4. Employee Compensation and Benefits 5. Diversity and Equal Opportunity 6. Child and forced labor 7. Compliance with Labor Law	1. Corporate Governance 2. Supply Chain Management 3. Supplier Assessment 4. Product and Service Quality 5. Responsible Marketing 6. Information Security 7. Intellectual Property Rights 8. Anti-corruption and Integrity 9. Reporting System 10. Greenwashing Risk

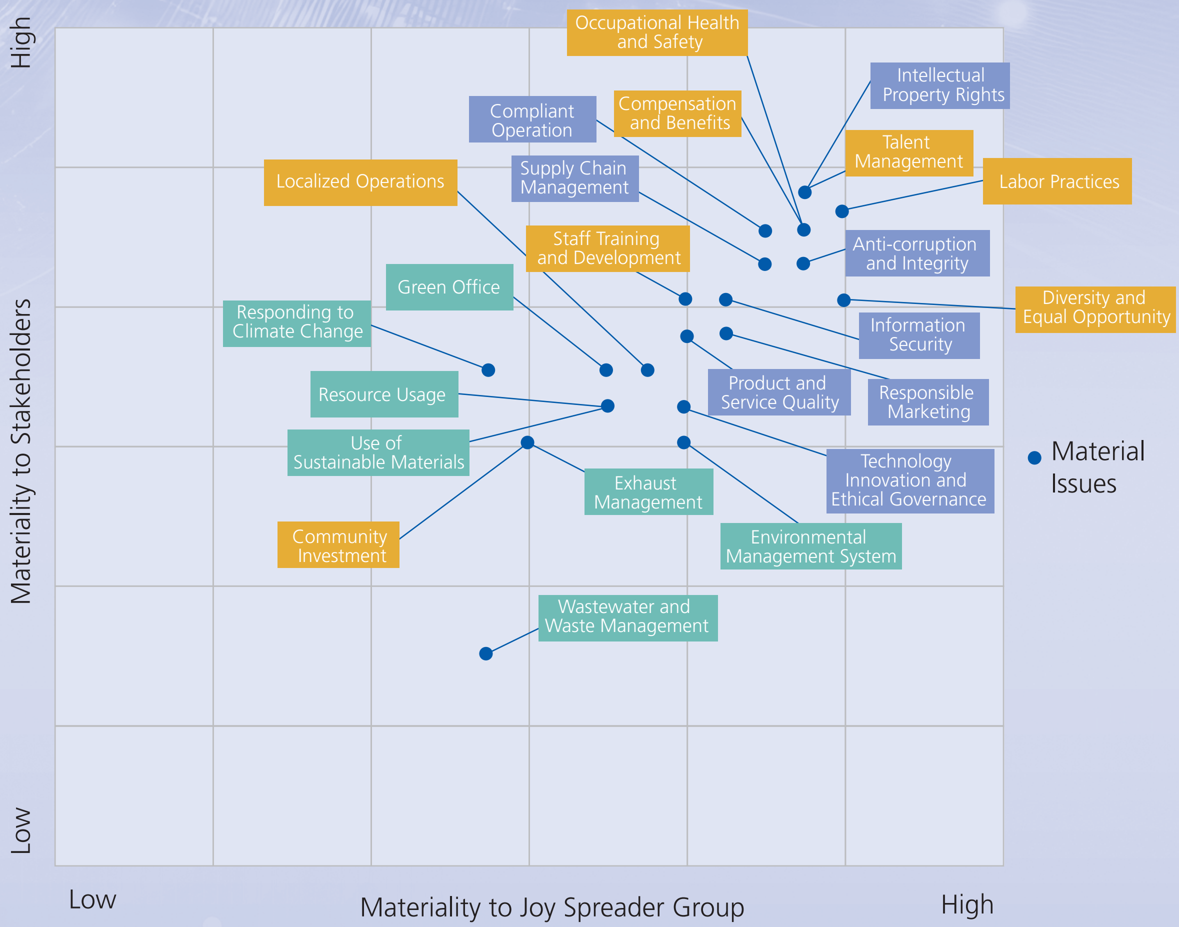
Stakeholder Communication

The Company identifies stakeholders based on industry dynamics and its own development, listens to their expectations and requests through various channels, and responds to them in a timely manner and handles them appropriately.

Key Stakeholders	Expectations and Requirements	Response Method	Main Communication Channels
Shareholders and investors	– Compliant operation – Investment returns – Risk manageme	– General meeting of shareholders – Information disclosure – External announcement – Investor reception – Results presentation – Research and visits	– General meeting of shareholders – Information disclosure – Results presentation – Roadshow/reverse roadshow – Company website – Investor hotline – Research and visits

Key Stakeholders	Expectations and Requirements	Response Method	Main Communication Channels
Government/ regulatory organizations	– Social and livelihoods	– Compliance with laws – Participation in meetings – License documents – Information disclosure	– Risk management system – Application approval – Supervision and inspection
Customer	– Products and services – Technical level – Customer satisfaction	– Strategic cooperation – Customer management – Customer service – Responsible marketing	– Company website – Annual report – Customer service hotline and e-mail
Employee	– Stabilizing employment – Welfare treatment – Security	– Employee communication – Employee training – Employee benefits – Employee activity – Employee rights protection – Employee training	– Internal emails – Open and fair recruitment – Employee town hall – Training activities
Supplier	– Supply chain management – Sustainability	– Supplier audit – Supplier management – Daily communication	– Daily communication – Supplier audit and evaluation
Industry associations	– Technology and innovation – Sustainability	– Industry cooperation – Exchange meeting	– Daily communication – Project cooperation – Industry conferences
Social	– Supporting public welfare activities – Promoting energy saving and emission reduction	– Green production – Community contribution	– Charitable and philanthropic activities – Social recruitment – Volunteer activities

Material Issue Matrix



3. Anti-corruption and integrity

Joy Spreader Group has always regarded anti-corruption and integrity as the cornerstone of sustainable development and is committed to building a corporate culture of integrity, transparency and responsibility. The Company strictly complies with the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and other relevant laws and regulations, and is determined to eliminate bribery, extortion, fraud and money laundering and other illegal acts. Through a well-established internal control mechanism and staff training program, the Company ensures that all business activities comply with legal and ethical standards, and establishes a good corporate image for our shareholders, stakeholders and the community at large in order to promote sustainable development.

3.1 Anti-corruption efforts

In order to prevent illegal acts such as bribery, extortion, fraud and money laundering, the Company requires all employees to sign a Letter of Commitment on Non-Transfer of Benefits. The letter clearly stipulates that employees shall neither, without the Company's permission, provide loans or guarantees in the name of the Company to business counterparties, nor shall they privately obtain loans from business counterparties or assist in the obtaining of such loans (except for normal loans from financial institutions). At the same time, employees shall not in any way directly or indirectly hold shares (except for investments in open market stocks) in business counterparts, or hold positions or take up part-time jobs with such business counterparts, or obtain other benefits from such business counterparts. In addition, employees are prohibited from accepting kickbacks, cash, gifts, securities, gift certificates, or other items of value offered directly or indirectly by business relationships, or participating in travel, high-class banquets, or other activities offered by business relationships that may affect the impartiality of the employee's duties. If any employee or other person is found to have violated the above mentioned rules and regulations, the Company will take disciplinary action in accordance with laws and regulations and internal management system, and reserves the right to pursue legal responsibility.

The Company provided 70 employees with 2 hours of special anti-corruption training per capita in 2024.

3.2 Anti-corruption reporting mechanism

The Company has formulated and implemented the Provisional Anti-fraud Rules, which provide that the Company shall strictly regulate the professional conduct of the Company's senior management, middle management and other employees under the leadership of the Secretariat of the Board of Directors (the "**Secretarial Office**"), which is the Company's department for accepting anti-fraud reporting. The Company will pursue the responsibility of those responsible for the occurrence of fraud in accordance with national laws and regulations and the relevant provisions of the Company. Employees may report fraud through the Company's reporting telephone and e-mail channels. Upon receipt of a reporting, the Company will immediately set up an investigation team to investigate and handle the reporting. The Company will pursue the responsibility of those responsible for the fraud in accordance with the law; and if they are suspected of violating the law or committing a crime, it will be transferred to the judicial authorities for handling. At the same time, the Company will take confidentiality measures to protect information of whistleblower and ensure his/her safety, in order to maintain the Company's culture of integrity and the fairness of its business operations.

In 2024, there have been no cases on job-related crimes, bribery, extortion, fraud and money laundering for the Company, and there were no cases of corruption litigation initiated by the Company or its employees that have been resolved.

Reporting channel
Reporting hotline: 010 – 87726988
Email: hr@joyspreader.com

4. Risk control system

The Company has established a three line of defense risk control system, which comprises the Board of Directors serving as the highest decision-making body, and the Audit Committee as well as senior management. The first line of defense is the business team, which is responsible for risk identification and management in daily business operations; the second line of defense is the risk management team, which focuses on risk assessment, monitoring and reporting; and the third line of defense is the internal audit function, which independently reviews and evaluates the effectiveness of risk management and internal control. Through a well-established risk management model, the Company effectively handles, allocates and coordinates risk management and internal control matters, thereby continuously deepening and strengthening internal risk management capabilities.

The Board

- Evaluating and determining the nature and extent of the risks (including ESG risks) it is willing to take in achieving the Company's strategic objectives.
- Ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems.
- Reviewing the effectiveness of risk management and internal control systems at least annually; and
- Overseeing the management of the Company in the design, implementation and supervision of the risk management and internal control systems

The Audit Committee

- Assisting the Board to oversee the effectiveness of the design, implementation and supervision of the risk management and internal control systems;
- Reviewing and approving the annual internal audit plan and review results; and
- Reviewing the annual risk management and internal control report of the Group.

The Senior Management

- Identifying and overseeing all risks (including ESG risks) related to the daily operations of the Group;
- Reporting the identified risks to the Board and the Audit Committee, including strategic, operational, financial, ESG, reporting and compliance risks, and risk changes during the year;
- Implementing, executing and overseeing risk management and internal control procedures on an ongoing basis; and
- Drawing up and implementing appropriate action plans to mitigate the identified risks and resolve major internal control deficiencies.

The First Line of Defense	The Second Line of Defense	The Third Line of Defense
Business Team	Risk Management Team	Internal Audit Function

V. GREEN EFFORTS TO CONTRIBUTE TO CARBON REDUCTION

The Company attaches great importance to environmental responsibility. In order to meet environmental challenges, the Company promotes green and sustainable development by focusing on key areas such as resource utilization, gas emission management and waste management. In terms of resource utilization, the Company is committed to optimizing the allocation of resources and enhancing the efficiency of resource utilization by exploring feasible ways to save resources and utilize them efficiently in every aspect of our daily office and business operations. In terms of gas emission management, the Company pays close attention to the dynamics of carbon emissions, and through the introduction of new management tools, formulates and implements science-based emission reduction strategies to reduce the emission of greenhouse gas (GHG) and other pollutants. For waste management, the Company has established a comprehensive waste classification, recycling and disposal system to minimize the negative impacts of waste on the environment and to promote the resourceful use of waste. Through continuous investment and active practice in these key environmental areas, the Company steadily advanced its environmental sustainability goals in 2024, making positive contributions to protecting the environment and promoting green transformation.

1. Resource usage

The Company strictly complies with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, and other environmental protection laws and regulations, to ensure that our business operations are in compliance with the requirements of environmental protection. In resource management, the Company focuses on energy and water resource management. In the area of energy management, the Company proactively responds to the challenges of transformation and strengthens monitoring and analysis in order to reduce the intensity of energy consumption and improve the efficiency of energy use. In terms of water resources management, the Company has adopted the concept of sustainability by organizing its water consumption and enhancing the concept of water conservation among its employees, so as to build a solid foundation of resources for the Company's sustainable development. During the reporting period, the Company did not violate any environmental protection laws and regulations.

1.1 Energy management

As a non-manufacturing enterprise, the Company maintains rigorous energy management protocols despite operating without industrial production processes. The Company controls energy consumption in all aspects by strengthening management measures. We have implemented a strict energy-saving management system in our office areas, such as stipulating the range of air-conditioning temperature settings and posting reminders for turning off lights, etc., so as to effectively reduce energy consumption from the daily details of office work.

Data Performance:

Energy consumption		
Item	**Unit**	**Consumption in 2024**
Diesel	MWh	**115.00**
Direct energy consumption	MWh	**115.00**
Purchased electricity	MWh	**228.56**
Indirect energy consumption	MWh	**228.56**
Total energy consumption	MWh	**343.56**
Energy consumption intensity	MWh/person	**4.91**

Note 1: As of December 31, 2024, the Company had 70 employees. Relevant data are also used in other density calculations

1.2 Water management

The Company has always regarded the management of water resources as an important part of our sustainable development. The Company advocates water conservation and actively practices water conservation. In our office premises, we have posted water-saving signs to enhance our employees' awareness of water conservation and to minimize the unnecessary waste of water resources.

In 2024, there was no any issue in sourcing water that is fit for purpose.

Data Performance:

Water Consumption		
Item	**Unit**	**Consumption in 2024**
Water consumption	m^3	**1,149.00**
Water Consumption Intensity	m^3/person	**16.41**

2. Gas emission management

The Company attaches great importance to the control of emissions and GHG emissions. In the office premises, the Company optimizes the ventilation system to ensure indoor air circulation and effectively reduce the concentration of volatile organic compounds and other emissions to provide a healthy working environment for employees. At the same time, the Company actively implements energy-saving and emission-reduction measures to address the major aspects of office equipment, electricity consumption and business travel that generate GHG, such as encouraging employees to adopt a paperless office to reduce energy consumption, advocating green travel and optimizing the arrangement of official vehicles, so as to reduce GHG emissions from various dimensions.

2.1 Exhaust emissions

The Company focuses on the monitoring of vehicle exhaust emissions and conducts stringent monitoring and control of exhaust emissions by comprehensively sorting out the conditions of official vehicles and business travel vehicles. According to the plan, the Company will gradually replace its vehicles with newer models and optimize vehicle scheduling management to reduce unnecessary mileage so as to effectively reduce the emission of various pollutants from vehicle exhaust.

Data Performance:

Emissions		
Item	**Unit**	**Emissions in 2024**
Nitrogen oxide (NO_x)	kg	**110.24**
Sulfur oxide (SO_x)	kg	**0.17**
Particulate matter (PM)	kg	**9.93**

2.2 GHG emissions

The Company has identified bus exhaust and corporate electricity as the main sources of greenhouse gas emissions. In terms of business cars, the Company accelerates the replacement of old fuel vehicles with clean energy vehicles and uses optimized routes to reduce mileage and idling speed to reduce tailpipe emissions. In terms of electricity consumption, the Company has been promoting green office practices and encouraging employees to develop energy-saving habits to minimize carbon emissions, thereby steadily advancing its emission reduction targets.

Data Performance:

GHG emissions		
Item	**Unit**	**Emissions in 2024**
Scope 1	tCO_2e	**28.03**
Gasoline	tCO_2e	**28.03**
Scope 2	tCO_2e	**127.53**
Purchased electricity	tCO_2e	**127.53**
Total CO_2 emissions	tCO_2e	**155.56**
CO_2 intensity	tCO_2e/person	**2.22**

Notes:
1. The Company's Scope 1 GHG emissions are mainly gasoline emissions from vehicle use, and the relevant calculation factors are from the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC) (2014);
2. The Company's Scope 2 GHG emissions are emissions from purchased electricity used by the Company, and the relevant calculation factors are from the Announcement on the Release of 2022 Carbon Dioxide Emission Factors for Electricity issued by the Ministry of Ecology and Environment and National Bureau of Statistics of China.

3. Waste Management

Based on review of our waste generation profile, the Company identifies office paper and household garbage as the main types of waste, and confirmed that no packaging materials of any kind for the finished product and no hazardous waste is generated. In terms of office paper management, the Company actively implements the paperless office by creating an electronic document management system to reduce the circulation and printing of paper documents. At the same time, the Company promotes two-sided printing and separates and recycles used paper for internal draft printing and other secondary uses. With respect to household waste, the Group reasonably places waste separation bins in office areas to enhance employees' awareness of waste separation to minimize waste generation by reducing the mixing of waste at source.

Data Performance:

Waste		
Item	Unit	Emissions in 2024
Ordinary garbage (tonnes)	tonnes	**2.00**
Paper	tonnes	**0.28**
Total emissions of hazardous waste	tonnes	**2.28**
Hazardous waste emission intensity	tonnes/person	**0.03**

4. Responding to climate change

The Company actively responds to the national "carbon peaking and carbon neutrality" strategy by doubling efforts to implement the policies to promote green development. In accordance with the climate disclosure requirements, the Company comprehensively assesses climate risks and opportunities, effectively manages risks, and accelerates the low-carbon transformation of its business. By doing so, we seize green opportunities and steadily move towards the goal of carbon neutrality.

Climate-related risks		Potential financial impact	Response measures
Physical risk	Acute • Extreme weather: typhoons, flood disasters, extreme fluctuations in rainfall Chronic • Average temperature rise	• Damage to = factory infrastructure and increased maintenance costs • Increase in costs as a result of increase in the employee injury rate • Increased risk of equipment overheating	• Develop emergency response plan • Conduct more emergency drills in daily operations to prevent losses caused by risks • Conduct regular inspection and maintenance of equipment
Transition risk	Policy and legal risks • Litigation risk	• Increased compliance costs	• Ensure compliance in daily operations
	Market risk • Intensified market competition	• Increase in service costs • Decrease in service prices due to the intensifying market competition	• Technological advancements drive improvements in service efficiency and reduce costs. • Enhance service competitiveness through technological innovation
	Technology transformation risk • Failure in investment in new technologies • Low-carbon alternatives for similar types of services	• Increase in investment costs • Lower revenue due to decrease in customers	• Seek more mature new technology solutions
	Reputation risk • Negative evaluation of the Company by stakeholders	• Lower revenue due to decline in stock prices as a result of reputational damage	• Promote green development and enhance investor reputation
Climate opportunities	Products and services • More customers acquired from technology upgrade	• Increase in revenue due to new technology	• Increase R&D investment and accelerate the iteration of technology

VI. FULFILLING RESPONSIBILITIES IN PEOPLE-ORIENTED MANNER

Joy Spreader Group firmly believes that employees are the valuable assets of the Company. The Company recruits talents through various channels, respects and protects the legitimate rights and interests of employees, creates an equal, safe and caring working environment, and provides a comprehensive talent development program to facilitate the growth of employees. In terms of supply chain management, the Company continues to strengthen control, enhance suppliers' awareness of sustainable development, and urge suppliers that do not meet standards to rectify the situation in order to promote the sustainable development of the supply chain. In terms of customer responsibility, the Company ensures the quality of products and services and protects the information security of customers. In addition, the Company actively fulfills social responsibility by participating in community building and contributing to social development.

1. Rights and development of employees

Joy Spreader Group attaches great importance to the rights and development of employees and regards them as the cornerstone of our long-term development. In terms of equal employment, the Company adheres to the principle of fairness and impartiality, regardless of gender, age and other differences, to provide equal opportunities for job seekers to compete and recruit talents from all walks of life. In terms of employee benefits, the Company has established a comprehensive welfare system, including competitive salaries, generous insurance benefits, paid vacations, etc., to enhance the quality of life of our employees. The Company promotes diversity and equality, and advocates a culture of inclusiveness so that employees of different backgrounds can work in a harmonious atmosphere. In order to facilitate employee development, the Company has developed a comprehensive training program to meet the needs of employees at different stages of their careers, ranging from new employee orientation to professional skills upgrading courses. In terms of health and safety, the Company creates a safe office environment and organizes regular health checkups to care for the physical and mental health of employees. At the same time, we strictly follow the labor standards, refuse to employ child labor, ensure that the working hours of employees are reasonable, the intensity of labor is appropriate, and protect the legitimate rights and interests of employees, so as to promote the growth and development of employees on all fronts.

1.1 Diversity and equality

In accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China and other relevant laws and regulations, the Company has formulated talent recruitment management methods, and the Personnel Department centrally organizes and implements the recruitment work to provide institutional support for recruitment and employment. The Company improves the recruitment process, strengthens disciplinary supervision, and resolutely resists any form of employment discrimination including gender, nationality, age, race, ethnicity, religious beliefs, disability, sexual orientation, and family status, etc., in order to provide all job seekers with fair and just career development opportunities. During the reporting period, the Group did not experience any cases of discrimination.

The Company is committed to creating a diverse and equal workplace environment and has made numerous efforts to protect the equality of its employees. In the area of talent recruitment, the Company has established strict and fair recruitment standards, eliminating any screening differences based on gender or age, and ensuring that men and women, as well as job seekers of all ages, have equal opportunities to compete for positions. In the employee promotion system, the Company has established a transparent and fair evaluation mechanism, with work performance, professional ability and overall quality as the core criteria, rather than gender or age, to provide equal career advancement paths for all employees. Meanwhile, in terms of the allocation of training and development resources, the Company treats all employees equally and provides them with the same rich and suitable training programs and growth opportunities according to their individual needs and career planning, so as to ensure that they enjoy equal rights and interests in the Company's development and resolutely eliminate discrimination on the basis of gender and age.

Data Performance:

Number of existing employees (unit: person) Type	Total
Total number of employees	70
By gender	
Male	41
Female	29
By age group	
Under 30 years old	20
30 – 50 years old	48
Over 50 years old	2
By type of employment	
Full-time	70
Part-time	0
By position	
Executives	6
Middle management	12
General staff	52

During the reporting period, the overall employee turnover rate of the Company was 44.29% and details of employment termination are set out below:

Item	Employment termination Number of employees leaving employment (person)	Turnover rate
By gender		
Male	13	31.71%
Female	18	62.07%
By age group		
Under 30 years of age	15	75.00%
30 – 50 years old	16	33.33%
Over 50 years old	0	0.00%
Total	31	44.29%

1.2 Employee rights and interests

The Company complies with the Regulations on Paid Annual Leave for Employees, Implementation Rules of the Labor Insurance Regulations and other laws and regulations to establish a scientific, reasonable and confidential compensation system, and formulates policies such as the Compensation Management System. The Company adheres to the principles of fairness, competition, motivation, economy and legality, and takes into consideration factors such as the internal and external labor market situation, regional and industry differences, the value of employee positions and career development paths to provide competitive salaries and employee benefits, with the aim of fully motivating employees to work and creativity, and to meet the needs of the Company's sustainable development.

Case

The Compensation Management System of the Company clearly provides that after employees fulfill their job responsibilities and complete their work, the Company will evaluate the performance achieved in the position and and pay the corresponding portion of the salary based on the evaluation results.

1.3 Development and training of employees

The Company has established a specialized talent pool for its key business lines and functional segments, and has launched training and cultivation efforts. The Company has formulated talent training programs aimed at enhancing the professional competence of employees and facilitating their career development and personal growth. We provide induction training for new employees, customize training programs to meet the needs of employees in different departments, and conduct professional training on a regular basis in order to enhance their abilities in all aspects.

Case

In 2024, the Company focused on three main categories of training:

- General system-related training: induction training, and attendance management training mainly for new employees;
- Work skill training: mainly payment and reimbursement process training, and training on process for applying for seals;
- Professional knowledge training: mainly financial training and compliance training.

Data Performance:

Employee training		
Item	**Unit**	**Description**
Total number of trainees	attendance	70.00
Total training hours	hour	3,360.00
Length of training by gender		
Average length of training for male employees	hour	48
Average length of training for female employees	hour	48
Length of training by position		
Average length of training for executives	hour	48
Average length of training for middle management	hour	48
Average length of training for general employee	hour	48
Percentage of training by gender		
Percentage of male trainees	percent	100%
Percentage of female trainees	percent	100%
Percentage of training by position		
Percentage of executive trainees	percent	100%
Percentage of middle management trainees	percent	100%
Percentage of general employee trainees	percent	100%

1.4 Health and safety

The Company is highly concerned about the health and safety of employees and strictly complies with the Labor Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, and the Work-related Injury Insurance Ordinance, etc., in order to protect the safety and health rights of employees in the workplace. The Company optimizes health and safety management system and makes efforts at the system and implementation levels to help the Company create a safe working environment for employees.

The Company has implemented a number of safeguards to ensure the health and safety of employees. In order to prevent occupational diseases, the Company organizes pre-employment and annual on-the-job medical check-ups for employees to determine whether they are physically fit for their jobs based on the results, and establish occupational health monitoring files. Meanwhile, the Company regularly inspects office and fire fighting equipment to ensure a safe and comfortable working environment. The Group also encourages employees to report potential safety hazards to enhance their awareness of safety participation and supervision to prevent accidents.

Data Performance:

In 2024 and the past three years, the Company had no work-related fatalities and lost workdays due to work-related injuries were zero.

Case

The Company has adopted a series of practical and effective measures to protect the health and safety of its employees. In the daily workplace, the Group requires employees to wear surgical masks when entering stores and any other premises of the Group to minimize the risk of virus transmission and to create a safe working environment for employees. At the same time, in consideration of the health conditions of our employees, we require sick employees to live in isolation to avoid cross-infection, so that they can recover from their illnesses with peace of mind.

1.5 Labor standards

The Company adheres to international and domestic labor standards and has zero tolerance for child labor in the employment process. The Company's recruitment screening mechanism requires careful verification of all job applicants' identity information to ensure that the age of employees meets the legal working standards, thus eliminating child labor from entering the workplace at the source. The Company rejects any form of forced labor and creates a free and voluntary working atmosphere within the Company, respecting each employee's own will and protecting employees from infringement of their labor rights. Through a well-established system and daily supervision, we ensure that all employees in the Company comply with the labor standards and safeguard the dignity and legitimate rights of the employees.

In the event of child labor or forced labor, the Company will hold relevant persons accountable in accordance with the relevant laws and regulations, and also protect the victims in accordance with the provisions of the law.

1.6 Employee communication

The Company recognizes the importance of employee communication and care in creating a harmonious working atmosphere and enhancing employee satisfaction. In order to do so, the Company establishes open, mutual trust and transparent communication channels, listens to the opinions of employees, and practices humanized and efficient management concepts. Through practical actions to solve the real problems of employees, we integrate the "Warmth of Joy Spreader" into the details of work to effectively enhance the sense of belonging of employees, and promote the common development of the Company and employees.

Employee Satisfaction

The Company respects and protects the employees' rights to know, participate, elect and supervise the management of the enterprise, and endeavors to enhance employee satisfaction and promote the synergistic development of the employees and the enterprise. The Company has established a comprehensive employee grievance mechanism, formulated a formal and confidential grievance reporting process, and covered mail complaint channels to ensure that employees' legitimate rights and interests are effectively protected in all aspects, and to build a solid guarantee for employees' peace of mind at work.

2. Services and responsibilities of the Company

The Company regards service and responsibility as the core of development. In terms of service, we optimize our processes and improve the quality of our staff to enhance quality and customer satisfaction. In advertising and project delivery, the Company insists on truthfulness and elimination of falsehoods to satisfy different customer needs through diversified services. At the same time, the Company strictly protects customer privacy, strengthens supply chain management and promotes green development. In addition, the Company actively participates in public welfare and fulfills its corporate responsibility through practical actions.

2.1 Quality of service

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

The Company strictly tracks and manages the quality of products sold or shipped to avoid customer losses. The Company's digital marketing department scrutinizes product materials to ensure compliance with national laws and regulations prior to product launch, and advertising platforms further scrutinize product quality to ensure product compliance and safety. To date, the Company has not experienced any product recalls due to safety and health issues, nor has it received any complaints related to its products or services, which fully demonstrates the effectiveness and reliability of the Company's quality control of its products and services.

Service of the Company

The Company has established a standardized and complete advertising service process to ensure the efficient connection of each part. The process covers key steps such as analysis of customer needs, optimization of advertising plans and placement of advertisements, with clear division of tasks and responsibilities in each step, as well as the formulation of corresponding operational norms and standards. With our strict procedures, we ensure the quality of our advertising services and help our customers achieve their advertising goals.

- Customer needs analysis: Immediately after a customer places an order, our operation team will analyze the customer's needs to ensure that the customer's product or service meets the Group's advertising standards. The team will carefully evaluate key factors such as product characteristics, target market, expected results, etc., and make all-round considerations to ensure that the subsequent advertising strategy is practical and effective, laying a solid foundation for precise advertising.

- Advertisement plan formulation: After confirming that the customer's needs meet the advertising standards, Joy Spreader Group's advertising system quickly generates a customized advertisement plan for the customer's products or services. The plan is optimized by integrating multi-dimensional factors such as product characteristics, target audience characteristics, and competitor dynamics to accurately match the market demand, aiming to help advertisements achieve the best results and enhance the return on investment of the customer's advertisement.

- Placement test: After generating the advertising program, our operation team immediately starts the trial placement work to test the actual effectiveness of the advertisement. At this stage, we focus on evaluating key indicators such as conversion rate, user feedback and click-through rate, etc. Through data monitoring and analysis, we can accurately determine whether the advertisement can achieve the expected results in the actual launch scenario, providing a strong basis for the formal placement and ensuring that the advertisement launch strategy is practicable.

- Formal placement: If the results of the trial placement meet the expectations, the Company will submit the advertising program to the supervisor for approval. Upon approval, the advertisement will be placed immediately. During the placement process, the Group will continue to monitor the effectiveness of the advertisements in real time and dynamically adjust and optimize the placement strategy based on actual data and market feedback, so as to ensure that the effectiveness of the advertisements will be maximized, thus helping our customers achieve their optimal marketing objectives.

2.2 Customer satisfaction

The Company focuses on customer needs and improving the quality of customer services. During the reporting period, the Company did not receive any product or service complaints. The Company attaches great importance to customer satisfaction and conducts quality assurance work according to customers' requirements. If customers are not satisfied with the Company's services, the Company will immediately carry out rectification work and resubmit the audits until the services meet the standards, so as to ensure the quality of services and protect customers' rights and interests.

Customer communication channels

In order to accurately meet the needs of our customers and provide efficient and professional services, we have set up a dedicated WeChat communication channel to facilitate exchanges and interactions with our customers so as to solve problems. At the same time, we maintain an email communication channel to ensure that customers can contact us whenever they have questions, feedback or seek assistance. We are committed to responding to customer requests in a timely manner, and providing accurate answers based on our professional knowledge so as to enhance the customer service experience.

2.3 Respect for intellectual property rights

The Company attaches great importance to the protection of intellectual property rights and regards it as the key support for the innovation-driven development of enterprises and market competition. The Company strictly complies with the Copyright Law of the People's Republic of China, Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China and other relevant laws and regulations to eliminate infringement of intellectual property rights at the source. In terms of internal management, the Company has established a comprehensive intellectual property management system to register and protect its own research and development results and creative designs. At the same time, we regularly organize intellectual property training for our employees to raise their awareness of intellectual property protection, encourage them to actively innovate and contribute to the accumulation and value-added of the company's intellectual assets, protect the legitimate rights and interests of intellectual property in all aspects to create a favorable ecological environment for creativity.

2.4 Customer privacy

The Company focuses on improving the guidelines for the impact assessment of customer information protection, data security management standards, and security vulnerability management processes to fulfill our responsibilities for the protection of minors' information, the reporting of security vulnerabilities, and the notification of users. By utilizing our own black box system, the Company has strengthened our data encryption technology and access control mechanism to safeguard the security of customer data during transmission and storage to strictly guard the data security line of defense.

Black box system

The Company's black box system is the core component of information security management, which is constructed by advanced technology and algorithms, and is highly autonomous and intelligent. The system focuses on the protection of user's personal information to fully defend privacy security. By intelligently identifying and analyzing advertising materials, the system automatically detects and filters potential privacy risks, and prevents the disclosure and misuse of user information. At the same time, it provides personalized ad recommendations based on user preferences and behavior, enhancing user experience and satisfaction. In addition, the black box system integrates data encryption and access control functions to encrypt sensitive data and prevent illegal access or tampering during transmission and storage. It also implements a strict access control mechanism so that only authorized personnel can access the relevant data, effectively avoiding the risk of abuse of authority by internal personnel.

2.5 Supply chain management

Under the supplier control system, the Company conducts comprehensive assessment on the business reputation, service records and qualifications of potential suppliers through comprehensive investigation and evaluation measures to ensure their reputation and legal compliance in the industry. If a supplier is found to be in breach of laws and regulations or contractual agreements, the Group will immediately terminate the cooperation in order to safeguard the reputation and interests of the enterprise. As of 2024, all suppliers have passed the supplier-related assessment.

When selecting suppliers, the Company considers not only business reputation, service records and qualifications, but also the environmental, social and governance performance of the suppliers, and gives preference to suppliers with excellent environmental, social and governance performance under equal circumstances.

Data Performance:

	Joy Spreader Group Inc.	Total
Number of suppliers	14	14
Suppliers by geographical region		
Hong Kong suppliers	12	12
Beijing supplier	2	2

2.6 Social welfare

In 2024, Joy Spreader Group was actively involved in public welfare, demonstrating a strong sense of social responsibility during our participation in the China International Fair for Trade in Services and the 3rd Global Digital Trade Expo (GDT Expo). During these two important exhibitions, Joy Spreader Group showcased all of our products free of charge and shared our innovation achievements and practical experience in digital marketing and e-commerce merchandising. Through the free exhibition, on the one hand, it helps to promote the integration of culture and technology, inject new vitality into the development of the industry, promote the exchange and collision of different cultural and technological elements, and accelerate the application of innovative achievements on the ground; on the other hand, it provides reference for small and medium-sized enterprises and entrepreneurs, helping them to reduce the cost of exploration, obtain new ideas, and cultivate more new forces for the industry, thus contributing to the promotion of industrial upgrading and social and economic development.

Caption: Joy Spreader Group was participating in the exhibition

Caption: Joy Spreader Group was participating in the exhibition

VII. INDEXES

Subject Areas, Aspects, General Disclosures and KPIs		Description	Chapter/Statement
A. Environmental			
A1: Emissions	General Disclosure Information on:	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Efforts to Contribute to Carbon Reduction
	KPI A1.1	The types of emissions and respective emissions data.	Green Efforts to Contribute to Carbon Reduction
	KPI A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Efforts to Contribute to Carbon Reduction
	KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Efforts to Contribute to Carbon Reduction
	KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Efforts to Contribute to Carbon Reduction
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Efforts to Contribute to Carbon Reduction
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled and reduction target(s) set and steps taken to achieve them.	Green Efforts to Contribute to Carbon Reduction

Subject Areas, Aspects, General Disclosures and KPIs		Description	Chapter/Statement
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Efforts to Contribute to Carbon Reduction
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Efforts to Contribute to Carbon Reduction
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Efforts to Contribute to Carbon Reduction
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Efforts to Contribute to Carbon Reduction
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Efforts to Contribute to Carbon Reduction
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Green Efforts to Contribute to Carbon Reduction
A3: Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Efforts to Contribute to Carbon Reduction
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Efforts to Contribute to Carbon Reduction
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Efforts to Contribute to Carbon Reduction
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Efforts to Contribute to Carbon Reduction

Subject Areas, Aspects, General Disclosures and KPIs		Description	Chapter/Statement
B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Rights and Development of Employees
	KPI B1.1	Total workforce by gender, employment type such as full-time and part-time, age group and geographical region.	Diversity and Equality
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Diversity and Equality
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
	KPI B2.1	Number and rate of work-related fatalities in each of the past three years (including reporting year).	Health and Safety
	KPI B2.2	Lost days due to work injury.	Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs		Description	Chapter/Statement
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training of Employees
	KPI B3.1	The percentage of employees trained by gender and employee category (such as senior management and middle management).	Development and Training of Employees
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training of Employees
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labor Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labor Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards

Subject Areas, Aspects, General Disclosures and KPIs		Description	Chapter/Statement
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
	KPI B5.3	Description of practices relating to identifying environmental and social risks at each stage of the supply chain, and how they are implemented and monitored	Supply Chain Management
	KPI B5.4	Description of practices relating to promoting the use of environmentally friendly products and services in the selection of suppliers and how they are implemented and monitored.	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs		Description	Chapter/Statement
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality of Service
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality of Service
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality of Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Respect for Intellectual Property Rights
	KPI B6.4	Description of quality assurance process and recall procedures	Quality of Service
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Privacy Protection

Subject Areas, Aspects, General Disclosures and KPIs		Description	Chapter/Statement
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption and Integrity
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption and Integrity
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption and Integrity
	KPI B7.3	Description of anti-corruption training provided to Directors and employees.	Anti-corruption and Integrity
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Welfare
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Welfare
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Welfare

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF JOY SPREADER GROUP INC.

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Joy Spreader Group Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 137 to 219, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group's revenue for the year ended 31 December 2024 decreased by HK$4,970,679,000 to HK$113,313,000 as compared with the Group's revenue last year due to change of business model as set out in note 6 to the consolidated financial statements. In addition, the Group incurred a net loss of HK$1,107,321,000 and had negative operating cash flows of HK$54,538,000 for the year ended 31 December 2024.

The Group's ability to continue as a going concern is highly dependent on the amounts to be spent on the subsidy for traffic promotion through overseas short video platforms (the "Subsidy"). Taking into consideration that the Subsidy will not exceed HK$100 million for the year ending 31 December 2025 and the Subsidy are incurred at the sole direction of the Group, the directors of the Company are of the opinion that the Group will have sufficient financial resources to meet its liabilities when they fall due for the next twelve months from the date of this report. Accordingly, the consolidated financial statements are prepared on a going concern basis. However, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss of trade receivables	
At 31 December 2024, the carrying amount of the Group's gross trade receivables amounted to HK$118,242,000 and the accumulated credit losses allowance amounted to HK$57,954,000. Included in the Group's trade receivables balance are debtors with aggregate gross amount of HK$93,327,000 which are not credit-impaired and assess individually, the corresponding accumulated credit losses allowance amounted to HK$33,039,000. The impairment loss allowance of these trade receivables is based on lifetime expected credit loss ("ECL") and the ECL is assessed by reference to aging, the debtor's background, past default experience and current past due exposure of the debtor. We identified the assessment on the ECL of trade receivables which are not credit-impaired as a key audit matter due to the significant judgement and management estimation, such as probability of default, loss given default and forward-looking indicator, in evaluating the ECL of the Group's trade receivables. Details of the trade receivables and their ECL are set out in notes 23 and 35 to the consolidated financial statements.	Our procedures in relation to the assessment of ECL of trade receivables included: • For trade receivables with ECL provided in last year, comparing the actual settlement in this year and assessing additional factors, if any, to be considered in the assessment of the ECL of trade receivable in this year; • Evaluating the identification of individually assessed trade receivables, and the appropriateness of ECL based on aging, the debtor's background, past default experience and current past due exposure of the debtor; • Comparing individual items in the aging report with monthly settlement records and other supporting documents; • Involving the internal valuation specialist in evaluating the significant assumptions used in estimating the ECL, such as probability of default, loss given default and forward-looking indicator.

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is CHENG, Pak Chuen, Patrick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	Year ended 31 December 2024 HK$'000	 2023 HK$'000
Revenue	6	**113,313**	5,083,992
Cost of revenue		**(112,264)**	(4,624,419)
Gross profit		**1,049**	459,573
Other income	8	**8,624**	12,341
Other gains and losses	9	**(5,432)**	9,033
Impairment losses under expected credit loss model, net of reversal	10	**(106,053)**	(123,775)
Distribution and selling expenses		**(913,583)**	(936,705)
Administrative expenses		**(88,907)**	(143,109)
Research and development expenses		**(3,169)**	(70,014)
Share of results of associates		**1,442**	1,857
Finance costs	11	**(1,222)**	(2,303)
Loss before tax	12	**(1,107,251)**	(793,102)
Income tax expense	14	**(70)**	(141)
Loss for the year		**(1,107,321)**	(793,243)
Loss for the year attributable to:			
Owners of the Company		**(1,068,481)**	(784,166)
Non-controlling interests		**(38,840)**	(9,077)
		(1,107,321)	(793,243)

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

For the year ended 31 December 2024

	NOTE	Year ended 31 December 2024 HK$'000	2023 HK$'000
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**(16,976)**	(28,098)
Fair value loss on equity instruments at fair value through other comprehensive income		**(10,604)**	(14,685)
Income tax relating to item that will not be reclassified to profit or loss		**127**	1,703
		(27,453)	(41,080)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(24,915)**	(10,169)
Other comprehensive expense for the year, net of income tax		**(52,368)**	(51,249)
Total comprehensive expense for the year		**(1,159,689)**	(844,492)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(1,119,518)**	(835,656)
Non-controlling interests		**(40,171)**	(8,836)
		(1,159,689)	(844,492)
Basic loss per share (HK cents)	*15*	**(45.05)**	(33.10)
Diluted loss per share (HK cents)	*15*	**(45.05)**	(33.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	As at 31 December 2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**26,079**	58,226
Right-of-use assets	18	**16,534**	36,875
Intangible assets		**789**	2,222
Interests in associates	19	**37,178**	36,538
Rental deposits	23	**2,163**	5,192
Financial assets at fair value through profit or loss	26	**9,832**	7,414
Equity instruments at fair value through other comprehensive income	21	**2,264**	12,993
Finance lease receivables		**–**	1,396
		94,839	160,856
CURRENT ASSETS			
Inventories	22	**–**	108,681
Trade and other receivables and deposits	23	**346,655**	723,832
Loan receivables	24	**–**	4,524
Finance lease receivables		**–**	1,649
Prepayments	25	**108,384**	499,320
Financial assets at fair value through profit or loss	26	**–**	1,991
Restricted bank balances	27	**41,951**	41,951
Bank deposits	27	**17,525**	–
Cash and cash equivalents	27	**212,876**	325,973
		727,391	1,707,921
CURRENT LIABILITIES			
Trade and other payables	28	**321,133**	204,567
Lease liabilities	29	**9,663**	14,665
Financial liabilities at fair value through profit or loss	26	**58,800**	–
Income tax payable		**971**	1,004
		390,567	220,236
NET CURRENT ASSETS		**336,824**	1,487,685
TOTAL ASSETS LESS CURRENT LIABILITIES		**431,663**	1,648,541

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2024

	NOTES	As at 31 December 2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	*29*	**12,503**	26,694
Obligation arising from a forward contract with non-controlling interests	*30*	**–**	45,632
Deferred tax liabilities	*20*	**–**	128
		12,503	72,454
NET ASSETS		**419,160**	1,576,087
CAPITAL AND RESERVES			
Share capital	*31*	**24**	24
Reserves	*32*	**502,621**	1,599,318
Equity attributable to owners of the Company		**502,645**	1,599,342
Non-controlling interests		**(83,485)**	(23,255)
TOTAL EQUITY		**419,160**	1,576,087

The consolidated financial statements on pages 137 to 219 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Zhu Zinan	Qin Jiaxin
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital HK$'000	Treasury stocks HK$'000	Share premium HK$'000 (note 32)	Other reserve HK$'000 (note 32)	Share-based payments reserve HK$'000 (note 32)	Fair value through other comprehensive income reserve HK$'000 (note 32)	Statutory reserve HK$'000 (note 32)	Translation reserve HK$'000 (note 32)	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 33)	–	–	–	–	3,338	–	–	–	–	3,338	2,960	6,298
Vesting of shares of the Company (note 33(a))	–	6,955	–	(3,205)	(3,750)	–	–	–	–	–	–	
Vesting of shares of a subsidiary (note 33(b))	–	–	–	17,709	–	–	–	–	–	17,709	(17,709)	–
Appropriation of statutory reserve	–	–	–	–	–	–	5,379	–	(5,379)	–	–	–
At 31 December 2023	24	–	2,267,925	14,504	–	(1,689)	183,106	(117,066)	(747,462)	1,599,342	(23,255)	1,576,087

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

	Attributable to owners of the Company											
	Share capital HK$'000	Treasury stocks HK$'000	Share premium HK$'000 (note 32)	Other reserve HK$'000 (note 32)	Share-based payments reserve HK$'000 (note 32)	Fair value through other comprehensive income reserve HK$'000 (note 32)	Statutory reserve HK$'000 (note 32)	Translation reserve HK$'000 (note 32)	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total
At 1 January 2024	24	–	2,267,925	14,504	–	(1,689)	183,106	(117,066)	(747,462)	1,599,342	(23,255)	1,576,087
Loss for the year	–	–	–	–	–	–	–	–	(1,068,481)	(1,068,481)	(38,840)	(1,107,321)
Changes in fair value of equity instruments	–	–	–	–	–	(10,477)	–	–	–	(10,477)	–	(10,477)
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	(16,976)	–	(16,976)	–	(16,976)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(23,584)	–	(23,584)	(1,331)	(24,915)
Other comprehensive expense for the year	–	–	–	–	–	(10,477)	–	(40,560)	–	(51,037)	(1,331)	(52,368)
Loss and total comprehensive expense for the year	–	–	–	–	–	(10,477)	–	(40,560)	(1,068,481)	(1,119,518)	(40,171)	(1,159,689)
Recognition of equity-settled share-based payment expenses (note 33)	–	–	–	–	–	–	–	–	–	–	2,762	2,762
Vesting of shares of a subsidiary (note 33(b))	–	–	–	22,821	–	–	–	–	–	22,821	(22,821)	–
At 31 December 2024	24	–	2,267,925	37,325	–	(12,166)	183,106	(157,626)	(1,815,943)	502,645	(83,485)	419,160

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(1,107,251)**	(793,102)
Adjustments for:		
Interest income	**(7,444)**	(8,958)
Share of results of associates	**(1,442)**	(1,857)
Depreciation of property, plant and equipment	**17,605**	23,676
Depreciation of right-of-use assets	**9,274**	15,692
Amortisation of intangible assets	**1,406**	1,567
Impairment losses, net of reversal		
– financial assets and under expected credit loss model	**106,053**	123,775
Impairment losses on:		
– property, plant and equipment	**14,020**	–
– right-of-use assets	**4,088**	–
Finance costs	**1,222**	2,303
Share-based payment expenses	**2,762**	6,298
Loss (gain) on disposal of property, plant and equipment	**5**	(1,492)
Loss (gain) on disposal of right-of-use assets	**92**	(46)
Gain on fair value changes of financial assets at fair value through profit or loss	**(1,716)**	(904)
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	**3,431**	3,592
Loss on fair value changes of derivatives	**18,664**	–
Foreign exchange gains, net	**(25,131)**	(23,134)
Operating cash flows before movements in working capital	**(964,362)**	(652,590)
Decrease in trade and other receivables and deposits	**72,901**	160,557
(Increase) decrease in prepayments	**(75,230)**	46,069
Decrease (increase) in inventories	**108,671**	(68,967)
Increase in restricted bank balances	**–**	(42,259)
Increase in trade and other payables	**803,564**	320,667
Decrease in contract liabilities	**–**	(1,207)
Cash used in operations	**(54,456)**	(237,730)
Income tax paid	**(82)**	(27)
Net cash used in operating activities	**(54,538)**	(237,757)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(277)**	(18,900)
Increase in loan receivables	**–**	(3,668)
Repayment of loan receivables	**153**	12,072
Acquisition of a subsidiary	**–**	(122)
Interest received	**5,843**	8,958
Proceeds from disposal of property, plant and equipment	**4**	3,583
Receipts of finance lease receivables	**260**	402
Redemption of financial assets at fair value through profit or loss	**1,078**	–
Withdrawal of bank deposits with original maturity of more than three months	**–**	38,709
Placement of bank deposits with original maturity of more than three months	**(17,525)**	–
Net cash (used in) from investing activities	**(10,464)**	41,034
FINANCING ACTIVITIES		
Purchase of non-controlling interests	**(7,906)**	–
Repayment of lease liabilities	**(9,328)**	(15,754)
Interests paid	**(1,222)**	(2,303)
Net cash used in financing activities	**(18,456)**	(18,057)
Net decrease in cash and cash equivalents	**(83,458)**	(214,780)
Cash and cash equivalents at beginning of the year	**325,973**	533,944
Effect of foreign exchange rate changes	**(29,639)**	6,809
Cash and cash equivalents at end of the year	**212,876**	325,973

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

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

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

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

- receive substantially all of the economic returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by Joy Spreader WFOE;

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at a minimum purchase price permitted under the PRC laws and regulations. Joy Spreader WFOE may exercise such options at any time until they have acquired all equity interests and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, pledge or dispose of any assets, or make any distributions to their equity holders without prior consent of Joy Spreader WFOE; and

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

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

Going Concern

The Group's revenue for the year ended 31 December 2024 decreased by HK$4,970,679,000 to HK$113,313,000 as compared with the Group's revenue last year due to change of business model as set out in note 6. In addition, the Group incurred a net loss of HK$1,107,321,000 and had negative operating cash flows of HK$54,538,000 for the year ended 31 December 2024. Taking into consideration that the subsidy for traffic promotion through overseas short video platforms (the "Subsidy") will not exceed HK$100 million for the year ending 31 December 2025 and the Subsidy are incurred at the sole direction of the Group, the Directors are of the opinion that the Group will have sufficient financial resources to meet its liabilities when they fall due for the next twelve months from the date of this report. Accordingly, the consolidated financial statements are prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement

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

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

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 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

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

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

Investments in associates

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers

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

Leases

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

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

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

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

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

Foreign currencies

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

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

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

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

Taxation

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

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

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

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

Research and development expenditure

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

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

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

Cash and cash equivalents

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

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Inventories

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

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

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

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

(iii) Financial assets at FVTPL

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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

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

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

(i) Significant increase in credit risk

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

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

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

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

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

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

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

Critical judgements in applying accounting policies (Continued)

Consolidation of the Consolidated Affiliated Entities

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

Principal versus agent consideration

The Group engages in sales of E-commerce goods. The Group concluded 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, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 December 2024, the Group recognised revenue relating to sales of E-commerce goods of HK$32,798,000 (2023: HK$4,587,896,000).

Key sources of estimation uncertainty

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

Provision of ECL for trade receivables

Trade receivables with significant balances or credit-impaired are assessed for ECL individually by reference to aging, past default experience and current past due exposure of the debtor, and an analysis of the debtor's current financial position.

There exists significant judgement and management estimation, such as probability of default, loss given default and forward-looking indicator, in evaluating the ECL of the Group's trade receivables which are not credit-impaired and assessed individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 35(b) and 23.

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Types of goods or services		
Provision of performance-based we-media marketing services		
Interactive entertainment and digital products marketing	**56,926**	186,565
E-commerce products marketing	**20,882**	306,660
	77,808	493,225
Sales of E-commerce goods	**32,798**	4,587,896
Others	**2,707**	2,871
	113,313	5,083,992
Timing of revenue recognition		
A point in time	**113,313**	5,083,992

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

Provision of performance-based we-media marketing services

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

6. REVENUE (Continued)

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

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

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

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

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, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts. Normally, the Group receives prepayments from customers and the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

During the current year, the Group suspended inventory purchases and the sales of E-commerce goods under the traditional trading model. Instead, the Group adopted an asset-light business model to operate the sales of E-commerce goods business by providing accurate traffic marketing services for overseas E-commerce customers via overseas short video platforms. Under the new business model, the Group acts as an agent and aims to earn commission fees based on gross merchandise volume and corresponding fixed commission rate. Currently, the Group is still in the process of testing on the new business model and has not collected commissions or service fees from suppliers and customers, thereby the Group did not record any revenue under the new business model for the current year.

6. REVENUE (Continued)

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

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

7. SEGMENT INFORMATION

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

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

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

- "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.

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 2024

	Provision of performance-based we-media marketing services HK$'000	Sales of E-commerce goods HK$'000	Others HK$'000	Consolidated HK$'000
Segment revenue from external customers	77,808	32,798	2,707	113,313
Segment loss	(159,196)	(939,868)	(28,114)	(1,127,878)
Share of results of associates				1,442
Unallocated corporate gains				18,415
Loss for the year				(1,107,321)

7. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2023

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

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4. 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.

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.

7. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2024

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

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2023

	Provision of performance-based we-media marketing services HK$'000	Sales of E-commerce goods HK$'000	Others HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit (loss):				
Depreciation and amortisation	24,951	7,720	8,264	40,935
Impairment losses recognised in profit or loss in respect of:				
– trade and other receivables and deposits	98,154	5,917	6,543	110,614
– loan receivables	3,713	–	9,448	13,161
Amounts regularly provided to the CODM:				
Addition to non-current assets*	37,758	4,334	3,217	45,309

* Non-current assets excluded financial assets.

Geographical information

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

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Mainland China	**80,515**	496,096
Hong Kong	**32,798**	4,587,896
	113,313	5,083,992

The Group's non-current assets (excluding financial assets) are all located in Mainland China.

7. SEGMENT INFORMATION (Continued)

Information about major customers

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

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Customer A	**32,798**	N/A[1]
Customer B	**N/A[1]**	1,023,528

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

The above revenue represents revenue from sales of E-commerce goods.

8. OTHER INCOME

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Interest income on bank deposits	**7,422**	8,271
Interest income on loan receivables	**–**	664
Interest income on finance lease receivables	**22**	23
Government grants	**12**	2,747
Rental income	**1,168**	636
	8,624	12,341

9. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Impairment loss recognised in respect of:		
– property, plant and equipment	**(14,020)**	–
– right-of-use assets	**(4,088)**	–
(Loss) gain on disposal of property, plant and equipment	**(5)**	1,492
(Loss) gain on disposal of right-of-use assets	**(92)**	46
Foreign exchange gains, net	**30,140**	10,523
Gain on fair value changes of financial assets at FVTPL	**1,716**	904
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	**(3,431)**	(3,592)
Loss on fair value changes of derivatives	**(18,664)**	–
Others	**3,012**	(340)
	(5,432)	9,033

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

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Net impairment losses recognised in respect of:		
trade receivables	**70,139**	97,176
other receivables	**31,575**	13,438
loan receivables	**4,339**	13,161
	106,053	123,775

Details of impairment assessment are set out in note 35(b).

11. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Interest expense on lease liabilities	**1,222**	2,303

12. LOSS BEFORE TAX

Loss before taxation has been arrived at after charging:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Depreciation of property, plant and equipment	**17,605**	23,676
Depreciation of right-of-use assets	**9,274**	15,692
Amortisation of intangible assets (included in administrative expenses)	**1,406**	1,567
Total depreciation and amortisation	**28,285**	40,935
Staff costs (including directors' remuneration as set out in note 13):		
Salaries and other benefits-in-kind	**25,496**	36,119
Contributions to retirement benefits scheme	**1,575**	3,409
Discretionary bonus	**32**	2,594
Equity-settled share-based expense	**2,762**	6,298
Total staff costs	**29,865**	48,420
Auditors' remuneration	**3,145**	5,004
Cost of inventories recognised as expense	**49,357**	4,305,580

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

a. Directors' and Chief Executive's Emoluments

Details of the emoluments paid or payable to the directors and chief executive officer of the Company during the year are as follows:

	Fees HK$'000	Salaries and other benefits-in-kind HK$'000	Contributions to retirement benefits scheme HK$'000	Discretionary bonus (note (a)) HK$'000	Equity-settled share-based expense HK$'000	Total HK$'000
Year ended 31 December 2024						
Executive directors						
Zhu Zinan (Chief Executive Officer)	–	1,667	60	–	2,762	4,489
Cheng Lin	–	841	59	–	–	900
Qin Jiaxin	–	621	37	–	–	658
Subtotal	–	3,129	156	–	2,762	6,047
Non-executive director						
Hu Jiawei (note (b))	–	–	–	–	–	–
Independent non-executive directors						
Tang Wei	110	–	–	–	–	110
Fang Hongwei	110	–	–	–	–	110
Huang Boyang	110	–	–	–	–	110
Subtotal	330	–	–	–	–	330
Total						6,377

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

a. Directors' and Chief Executive's Emoluments (Continued)

	Fees HK$'000	Salaries and other benefits-in-kind HK$'000	Contributions to retirement benefits scheme HK$'000	Discretionary bonus (note (a)) HK$'000	Equity-settled share-based expense HK$'000	Total HK$'000
Year ended 31 December 2023						
Executive directors						
Zhu Zinan (Chief Executive Officer)	–	1,113	61	258	2,960	4,392
Cheng Lin	–	694	60	157	–	911
Qin Jiaxin	–	810	44	225	–	1,079
Subtotal	–	2,617	165	640	2,960	6,382
Non-executive directors						
Hu Qingping (i, note (b))	–	–	–	–	–	–
Hu Jiawei (note (b))	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Independent non-executive directors						
Tang Wei	111	–	–	–	–	111
Fang Hongwei	111	–	–	–	–	111
Xu Chong (ii)	27	–	–	–	–	27
Huang Boyang (iii)	84	–	–	–	–	84
Subtotal	333	–	–	–	–	333
Total						6,715

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

a. Directors' and Chief Executive's Emoluments (Continued)

(i) Hu Qingping resigned as a non-executive director of the Company on 7 July 2023.

(ii) Xu Chong resigned as an independent non-executive director of the Company on 31 March 2023.

(iii) Huang Boyang was appointed as an independent non-executive director on 31 March 2023.

The executive directors' and chief executive's emoluments shown above were mainly for their services in connection with the management affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes:

(a) The discretionary bonus is determined based on the performance of the directors and the Group.

(b) Certain non-executive directors agreed to waive their remuneration during the years ended 31 December 2024 and 2023.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

b. Employees' Emoluments

The five highest paid employees of the Group during the year included three (2023: three) directors, details of whose remuneration are set out above. Details of the remuneration for the year of the remaining two (2023: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Salaries and other benefits-in-kind	**4,190**	2,628
Contributions to retirement benefits scheme	**84**	133
Discretionary bonus (note)	**–**	949
Equity-settled share-based expense	**–**	3,338
	4,274	7,048

The number of the highest paid employees who are not the directors whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–
HK$6,000,001 to HK$6,500,000	**–**	1
	2	2

Note: The discretionary bonus is determined based on the performance of the employees and the Group.

During the year, except for certain non-executive directors mentioned above, none of the directors and chief executive officer of the Company had waived any emoluments and no emoluments had been paid by the Group to any of the directors or chief executive officer or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Current enterprise income tax	**70**	141

Income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Loss before taxation	**(1,107,251)**	(793,102)
Tax at the applicable tax rate of 25% (2023: 25%)	**(276,813)**	(198,276)
Tax effect of share of results of associates	**(361)**	(464)
Tax effect of expenses not deductible for tax purpose	**12,617**	11,425
Tax effect of income not taxable for tax purpose	**(7,409)**	(5,522)
Tax effect of tax exemptions granted	**(2,914)**	(33,355)
Tax effect of additional deduction of research and development expenses	**(1,111)**	(1,169)
Tax effect of tax losses not recognised	**249,724**	197,067
Tax effect of deductible temporary differences not recognised	**26,337**	30,435
Tax expense	**70**	141

14. INCOME TAX EXPENSE (Continued)

Under the current laws of the Cayman Islands, the Company is an exempted entity and is not subject to tax on income or capital gains.

The Company's subsidiaries incorporated in Hong Kong are subject to a two-tiered income tax rate on its taxable income generated from operations in Hong Kong effective on 1 April 2018. The first HK$2 million taxable profits earned by its subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e., 8.25%) while the remaining profits will continue to be taxed at 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for PRC group entities is 25% for both years.

Beijing Joyspreader, one of the Group's subsidiaries, was qualified as a High-New Technology Enterprise ("HNTE") and was subject to a preferential income tax rate of 15% for three years starting from 1 January 2021. Beijing Joyspreader's HNTE status was approved to extend for another three years on 29 October 2024 and was subject to a preferential income tax rate of 15% for three years starting from 1 January 2024.

Beijing Wuyou Technology Co., Ltd, one of the Group's subsidiaries, was qualified as a HNTE and was subject to a preferential income tax rate of 15% for three years starting from 1 January 2022.

According to "關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知" (Caishui [2011] 112) and "關於新疆困難地區及喀什、霍爾果斯兩個特殊經濟開發區新辦企業所得稅優惠政策的通知" (Caishui [2021] 27) issued by the State Administration of Taxation and the Ministry of Finance of the PRC, two of the Group's subsidiaries, Horgos Yaoxi Internet Technology Co., Ltd and Horgos Wuyou Internet Technology Co., Ltd, which were established in 2017 and located in Horgos city in the PRC, were exempted from income tax for five years starting from 1 January 2017. According to the latest preferential policy, these two subsidiaries were exempted from the 40% proportion of the income tax attributable to the local government for five years starting from 1 January 2022, and were subject to an income tax rate of 25% for the 60% proportion of the income tax attributable to the central government.

Horgos Zhipu Shulian Internet Technology Co., Ltd and Horgos Joyspreader Interactive Technology Co., Ltd, which were established in 2020 and located in Horgos city in the PRC, were exempted from income tax for five years starting from 1 January 2020.

15. LOSS PER SHARE

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

Loss figures are calculated as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**1,068,481**	784,166

Number of shares:

	Year ended 31 December	
	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,371,927**	2,369,427

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been arrived at after deducting shares held by share award scheme under the trust as set out in note 33(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 33(b) as they would result in a decrease in loss per share.

16. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024 (2023: nil).

17. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK$'000	Vehicles HK$'000	Leasehold improvement HK$'000	Total HK$'000
COST				
At 1 January 2023	11,669	58,572	19,598	89,839
Additions	2,790	10,947	5,163	18,900
Disposals	(303)	(3,779)	–	(4,082)
Exchange realignment	(185)	(890)	(316)	(1,391)
At 31 December 2023	13,971	64,850	24,445	103,266
Additions	277	–	–	277
Disposals	(158)	–	–	(158)
Exchange realignment	(300)	(1,387)	(526)	(2,213)
At 31 December 2024	**13,790**	**63,463**	**23,919**	**101,172**
DEPRECIATION AND IMPAIRMENT				
At 1 January 2023	2,483	16,480	4,889	23,852
Depreciation provided for the year	2,660	12,062	8,954	23,676
Eliminated on disposals	(118)	(1,873)	–	(1,991)
Exchange realignment	(54)	(310)	(133)	(497)
At 31 December 2023	4,971	26,359	13,710	45,040
Depreciation provided for the year	2,342	12,273	2,990	17,605
Impairment loss provided for the year	1,503	4,848	7,669	14,020
Eliminated on disposals	(149)	–	–	(149)
Exchange realignment	(160)	(813)	(450)	(1,423)
At 31 December 2024	**8,507**	**42,667**	**23,919**	**75,093**
CARRYING VALUES				
At 31 December 2024	**5,283**	**20,796**	**–**	**26,079**
At 31 December 2023	9,000	38,491	10,735	58,226

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis, taking into account their residual values, at the following rates per annum:

Furniture, fixtures and equipment	31.67%
Vehicles	9.50%-19.00%
Leasehold improvement	Over the shorter of the expected life of leasehold improvement and the lease term

Impairment assessment

Due to the material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern as set out in note 2, the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment and right-of-use assets with carrying amounts of HK$19,314,000 and HK$16,534,000 respectively. The recoverable amount of vehicles, leasehold improvement and right-of-use assets are estimated individually.

The recoverable amounts of the vehicles, leasehold improvement and right-of-use assets have been determined based on their fair value less costs of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the public transaction prices of the vehicles and right-of-use assets. The fair value measurement is categorised into level 2 fair value hierarchy. The relevant property, plant and equipment and right-of-use assets were impaired to their recoverable amount of HK$19,314,000 and HK$16,534,000, respectively, as at 31 December 2024, which is their carrying values at year end and the impairment loss of HK$14,020,000 and HK$4,088,000, respectively, for the year ended 31 December 2024 has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

18. RIGHT-OF-USE ASSETS

The Group leases certain buildings for its operations. The average lease term varies from 1 to 5 years.

The Group does not have the option to purchase the buildings at the end of the lease term.

	Buildings HK$'000
CARRYING VALUES	
At 1 January 2023	41,916
Addition	26,409
Sublease	(3,021)
Depreciation charge	(15,692)
Early termination	(12,110)
Exchange realignment	(627)
At 31 December 2023	36,875
Depreciation charge	**(9,274)**
Early termination	**(6,477)**
Impairment loss recognised	**(4,088)**
Exchange realignment	**(502)**
At 31 December 2024	**16,534**

The Group regularly entered into short-term leases for buildings. During the current year, expenses relating to short-term leases of buildings amounting to HK$717,000 (2023: HK$1,152,000) were recognised. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

During the current year, the total cash outflow for leases was HK$11,267,000 (2023: HK$19,209,000).

During the current year, the Group recognised impairment losses of HK$4,088,000 for right-of-use assets (2023: nil). Details of impairment assessment of right-of-use assets are set out in note 17.

Restrictions or covenants on leases

Lease liabilities of HK$22,166,000 are recognised with related right-of-use assets of HK$16,534,000 as at 31 December 2024 (2023: lease liabilities of HK$41,359,000 are recognised with related right-of-use assets of HK$36,875,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purpose.

19. INTERESTS IN ASSOCIATES

	As at 31 December 2024 HK$'000	2023 HK$'000
Cost of investments in associates	**37,443**	37,443
Share of post-acquisition profits and other comprehensive income	**3,815**	2,373
Exchange realignment	**(4,080)**	(3,278)
	37,178	36,538

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 2024 %	2023 %	Principal activities
揚州平衡數字文化產業發展基金（有限合夥）Yangzhou Pingheng Digital Cultural Industry Development Fund (Limited Partnership) ("Pingheng Fund") (i) (ii)	PRC	**40.00**	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") (i) (iii)	PRC	**10.00**	10.00	Artist management and film production

Notes:

(i) The English translation of the name is for reference only. The official name of this entity is in Chinese.

(ii) The Group is able to exercise significant influence over Pingheng Fund because it has the power to appoint one out of the five committee members of Pingheng Fund's investment decision committee which direct the relevant activities of Pingheng Fund according to the partnership agreement.

(iii) The Group is able to exercise significant influence over Poly Joy Spreader because it has the power to appoint one out of five directors of Poly Joy Spreader under the articles of association of Poly Joy Spreader.

19. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of the material associate

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

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

Pingheng Fund

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Current assets	**34,346**	53,709
Non-current assets	**56,334**	62,185

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Revenue	**–**	–
Profit for the year	**3,232**	5,940

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	
	2024	2023
	HK$'000	HK$'000
Net assets of Pingheng Fund	**90,680**	115,894
Proportion of the Group's ownership interest in Pingheng Fund	**40.00%**	30.30%
Carrying amount of the Group's interest in Pingheng Fund	**36,272**	35,119

19. INTERESTS IN ASSOCIATES (Continued)

Information of an associate that is not individually material

	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000
The Group's share of profit	**150**	58
Carrying amount of the Group's interest in the associate	**906**	1,419

20. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Deferred tax liabilities	**–**	128

The deferred tax recognised by the Group and the movements thereon during the current and prior years are as follows:

	Fair value gain on equity instruments at FVTOCI HK$'000
At 1 January 2023	1,845
Credit to other comprehensive income	(1,703)
Exchange realignment	(14)
At 31 December 2023	128
Credit to other comprehensive income	(127)
Exchange realignment	(1)
At 31 December 2024	**–**

20. DEFERRED TAX (Continued)

At the end of the reporting period, the Group has unused tax losses of HK$2,312,263,000 (2023: HK$1,303,190,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$265,173,000 (2023: HK$184,320,000) with expiry dates as disclosed in the following table. Other tax losses may be carried forward indefinitely.

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
2025	**9,965**	9,965
2026	**16,198**	16,198
2027	**64,340**	64,340
2028	**66,807**	66,807
2029	**57,095**	–
2030	**19,398**	19,398
2032	**4,882**	4,882
2033	**12,912**	2,730
2034	**13,576**	–
	265,173	184,320

At the end of the reporting period, the Group has deductible temporary differences of HK$302,327,000 (2023: HK$200,548,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$649,145,000 (2023: HK$741,294,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The corresponding unrecognised deferred tax liabilities as at 31 December 2024 were HK$64,914,000 (2023: HK$74,129,000).

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Unlisted:		
– Equity investments	**2,264**	12,993

Equity instruments at FVTOCI represented the Group's 19.916% equity interests in北京影漪視界科技有限公司("Yingyi Technology") and 10% equity interests in海南全民聚星文化傳媒有限公司("Hainan Juxing"), both of which are unlisted companies established in the PRC.

The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that the investments are not held for trading and not expected to be sold in the foreseeable future. Details of the fair value measurement are disclosed in note 35(c).

22. INVENTORIES

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
E-commerce goods	**–**	108,681

23. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Trade receivables	**118,242**	368,272
Less: Allowance for credit losses	**(57,954)**	(145,280)
	60,288	222,992
Deposits for expanding overseas E-commerce markets (note)	**215,000**	440,000
Receivables on behalf of third parties as an agent	**79,573**	49,991
Receivables of income from investments in films and television dramas	**16,436**	16,795
Deposits paid to suppliers	**2,289**	2,339
Rental and other deposits	**6,100**	6,268
Other receivables	**25,890**	16,842
Less: Allowance for credit losses	**(56,758)**	(26,203)
	288,530	506,032
Total trade and other receivables and deposits	**348,818**	729,024
Analysis as		
Non-current	**2,163**	5,192
Current	**346,655**	723,832
	348,818	729,024

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. These agreements expired in May 2023 were renewed to extend 12 months with the maturity date ended in May 2024. In May 2024, one agreement amounting to HK$330,000,000 was renewed to extend 12 months with the maturity date ending May 2025.

During the year ended 31 December 2024, the Group decided not to operate business in certain countries, and deposits amounting to HK$225,000,000 (2023: HK$514,000,000) as stated above, was refunded to the Group or offset by trade payables, including HK$220,000,000 (2023: HK$250,000,000) was offset by trade payables pursuant to a debt settlement agreement signed between the Group and the traffic supplier.

23. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

As at 1 January 2023, gross carrying amounts of trade receivables from contracts with customers amounted to HK$323,693,000.

The Group usually allows a credit period of 180 days (2023: 30 to 180 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	
	2024	2023
	HK$'000	HK$'000
Within 3 months	**–**	108,023
3-6 months	**–**	52,600
7-12 months	**8,134**	62,369
1-2 years	**52,154**	–
	60,288	222,992

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amounts of HK$60,288,000 (2023: HK$67,656,000) which are past due as at that date. As at 31 December 2024, out of the past due balance, HK$60,288,000 (2023: HK$52,464,000) 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.

As at 31 December 2024, debtors with balances from trade receivables amounting to HK$93,327,000 (2023: HK$83,667,000) which were not credit-impaired were assessed individually and the corresponding impairment allowance amounted to HK$33,039,000 (2023: HK$3,238,000). In addition, as at 31 December 2024, debtors with balances from trade receivables amounting to HK$24,915,000 (2023: HK$182,076,000) which were credit-impaired were assessed individually and impairment allowance of HK$24,915,000 (2023: HK$136,181,000) were recognised.

As at 31 December 2024, the Group provided no (2023: HK$5,861,000) impairment allowance for trade receivables (2023: HK$102,529,000) based on the provision matrix.

Details of impairment assessment of trade and other receivables and deposits are set out in note 35(b).

24. LOAN RECEIVABLES

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Fixed-rate loan receivables, matured within one year	**25,161**	25,865
Less: Allowance for credit losses	**(25,161)**	(21,341)
	–	4,524

As at 31 December 2024, include in the Group's loan receivables balance are four debtors with gross carrying amount of HK$25,161,000 (2023: two debtors with gross carrying amount of HK$21,341,000), the Group has recognised HK$25,161,000 (2023: HK$21,341,000) credit losses.

Details of impairment assessment are set out in note 35(b).

The range of effective interest rates (which are equal to contractual interest rates) on the Group's loan receivables is as follows:

	As at 31 December	
	2024	2023
Fixed-rate loan receivables	**N/A**	6%-14%

25. PREPAYMENTS

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Prepayments for purchases of traffic (note a)	**104,118**	492,911
Prepayments for consulting services	**1,130**	5,064
Other prepayments	**3,136**	1,345
	108,384	499,320

25. PREPAYMENTS (Continued)

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

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
At beginning of the year	**492,911**	684,893
Newly prepaid	**204,918**	355,710
Utilised	**(127,653)**	(386,430)
Settlement (note b)	**(461,096)**	(150,000)
Exchange realignment	**(4,962)**	(11,262)
At end of the year	**104,118**	492,911

Notes:

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

The Group's total advance payments to its largest traffic supplier composed of the deposits for expanding overseas E-commerce markets (see note 23) and prepayments for purchases of traffic. As at 31 December 2024, the Group's total advance payments to its largest supplier as a percentage of total assets was 39% (2023: 50%). Details of the percentage for the year are as follows:

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Advance to the largest supplier:		
– Deposits for expanding overseas E-commerce markets (note 23)	**215,000**	440,000
– Prepayments for purchases of traffic	**104,118**	492,911
	319,118	932,911
Total assets	**822,230**	1,868,777
Advance to the largest supplier as a percentage of total assets	**39%**	50%

b. During the current year, the Group and the traffic supplier of the Group entered into several debt settlement agreements, pursuant to which the payables to the traffic supplier of HK$461,096,000 (2023: 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, the Group and the traffic supplier of the Group entered into two debt settlement agreements, pursuant to which the payables to the traffic supplier of HK$104,118,000 was offset against the Group's prepayments to the traffic supplier of the same amount.

26. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Non-current assets		
Financial assets at FVTPL:		
– Private fund (note a)	**9,832**	7,414
Current assets		
Listed securities held for trading:		
– Listed equity securities (note b)	**–**	1,991
Current liabilities		
Financial liabilities at FVTPL:		
– Derivatives (note c)	**18,664**	–
– Obligation arising from a forward contract with non-controlling interests (note 30)	**40,136**	–
	58,800	–

Notes:

a. Amount represented the Group's investment in a private fund focusing on angel investments for long-term purpose.

b. Amount represented the Group's investment in a private fund, through which the Group invested in JD Logistics, Inc., a company listed on the Stock Exchange. The investment was disposed during the year ended 31 December 2024.

c. Amount represented the Group's obligation to deliver the share redemption amount for the 12.5% equity interests in Yingyi Technology of a third-party shareholder.

Details of the fair value measurement are disclosed in note 35(c).

27. CASH AND CASH EQUIVALENTS/BANK DEPOSITS/RESTRICTED BANK BALANCES

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Cash and cash equivalents	**212,876**	325,973
Bank deposits	**17,525**	–
Restricted bank balances	**41,951**	41,951
	272,352	367,924

Cash and cash equivalents, bank deposits and restricted bank balances are denominated in the following currencies:

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
– RMB	**66,913**	144,530
– HK$	**72,080**	73,194
– US Dollar ("US$")	**131,637**	147,951
– Other currencies	**1,722**	2,249
	272,352	367,924

Cash and cash equivalents included demand deposits and short-term deposits with original maturity of three months or less for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates ranging from 0.10% to 5.40% (2023: 0.05% to 5.53%) per annum.

Bank deposits represented term deposits with original maturity of more than three months. As at 31 December 2024, the balances carried interest rate of 4.57% per annum.

As at 31 December 2024, restricted bank balances represented the bank balances that were not available to use by the Group, the balances carried interest rate of 0.25% per annum (2023: 0.375% per annum).

Subsequent to the end of the reporting period, restricted bank balances amounting to HK$38,849,000 were released to the Group and the remaining restricted banak balances were HK$3,102,000 as at the date of report.

Details of impairment assessment of cash and cash equivalents, bank deposits and restricted bank balances are set out in note 35(b).

28. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Trade payables	**297,448**	173,026
Employee compensation payable	**10,884**	11,345
Other tax payable	**894**	1,703
Accrued listing expense/shares issue costs	**4,319**	4,414
Payables for intangible assets	**1,944**	1,986
Other payables and accruals	**5,644**	12,093
	321,133	204,567

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

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Within 3 months	**286,985**	122,587
3-6 months	**–**	48,263
Over 1 year	**10,463**	2,176
	297,448	173,026

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

29. LEASE LIABILITIES

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Non-current	**12,503**	26,694
Current	**9,663**	14,665
	22,166	41,359

Maturity analysis

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Within 1 year	**9,972**	15,110
More than 1 year but not exceeding 2 years	**9,542**	15,407
More than 2 years but not exceeding 5 years	**4,336**	14,221
	23,850	44,738
Less: future finance charges	**(1,684)**	(3,379)
	22,166	41,359

The weighted average incremental borrowing rate applied to lease liabilities was 5% as at 31 December 2024 (2023: 5%).

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

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

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

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

In November 2024, Joy Spreader Nanjing and Pingheng Fund entered into an agreement, pursuant to which Pingheng Fund transferred 5% equity interests in Yangzhou Huayue to Joy Spreader Nanjing at the consideration of RMB7,315,000 (equivalent to HK$7,906,000). At the meantime, Joy Spreader Nanjing and Joy Spreader (Nanjing) Investment Co., Ltd ("Joy Spreader Nanjing Investment"), a subsidiary of the Group, entered into an agreement, pursuant to which Joy Spreader Nanjing transferred 23% equity interests in Yangzhou Huayue to Joy Spreader Nanjing Investment. Thus, Joy Spreader Nanjing, Pingheng Fund and Joy Spreader Nanjing Investment hold 52%, 25% and 23% equity interests in Yangzhou Huayue, respectively as at 31 December 2024.

As at 31 December 2024, fair value of the obligation arising from the forward contract with non-controlling interests was HK$40,136,000 (see note 26) (2023: HK$45,632,000).

31. SHARE CAPITAL

	Number of shares		Share capital	
	2024	2023	**2024**	2023
	'000	'000	**HK$**	HK$
Ordinary shares of HK$0.00001 each				
Authorised				
At beginning and end of the year	**5,000,000**	5,000,000	**50,000**	50,000
Issued and fully paid				
At beginning and end of the year	**2,371,927**	2,371,927	**23,720**	23,720

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Presented as	**24**	24

32. RESERVES

The principal reserves of the Group consist of the following:

Share premium

Share premium mainly represents the difference between the total amount of the par value of shares issued and the proceeds from issuance of shares.

Other reserve

Other reserve mainly represents the difference between the amount previously recognised in share-based payments reserve and the cost for repurchasing the shares when shares under share award scheme are vested.

Share-based payments reserve

Share-based payments reserve arises from granting of shares of the Company to its management and staff under the Company's share award scheme.

FVTOCI reserve

Gains and losses arising from changes in fair value of investments in equity instruments designated at FVTOCI are recognised in the FVTOCI reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

32. RESERVES (Continued)

Statutory reserve

Pursuant to the relevant PRC rules and regulations, the Company's subsidiaries established in the PRC are required to transfer no less than 10% of its profits after taxation, after offsetting any prior years' loss as determined under the relevant accounting policies and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital of the respective subsidiaries. The transfer to this reserve must be made before the distribution of a dividend to shareholders of these PRC subsidiaries (including Consolidated Affiliated Entities). Statutory reserve is non-distributable other than in liquidation and can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital of the relevant subsidiaries.

Translation reserve

Exchange differences relating to the translation of the Group's foreign operations are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in translation reserve are reclassified to profit or loss upon the disposal of the foreign operations.

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

33. SHARE BASED PAYMENT TRANSACTIONS

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

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

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

During the year ended 31 December 2024, the Trustee did not purchase any shares and no share was granted (2023: nil). During the year ended 31 December 2024, no share was vested (2023: 2,500,000 shares).

33. 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)	–	–

During the year ended 31 December 2024, no share-based payment expenses was recognised by the Group in respect of these awarded shares (2023: HK$3,338,000). The weighted average fair value of the awarded shares is HK$1.42 at the date of grant. The fair values for these awarded shares granted were calculated using the fair value of the Company's ordinary shares on the date of grant.

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

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

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

33. 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 2024	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2024
Shares granted to:					
Mr. Zhu Zinan	**800**	–	**(200)**	–	600

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

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

During the year ended 31 December 2024, share-based payment expenses of HK$2,762,000 (2023: HK$2,960,000) was recognised in the Group's consolidated statement of profit or loss in respect of the Joy Spreader International Share Award Scheme.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern with maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of net debt, which include lease liabilities and obligation arising from a forward contract with non-controlling interests as disclosed in notes 29 and 30, net of restricted bank balances, bank deposits, cash and cash equivalents, and equity attributable to the owners of the Company, comprising share capital, retained earnings/accumulated losses and reserves as disclosed in notes 31 and 32.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with the capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through raising of new capital, issue of new debt or the redemption of the existing debt.

35. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
Financial assets		
Financial assets at amortised cost	**621,170**	1,101,472
Financial assets at FVTPL	**9,832**	9,405
Equity instruments at FVTOCI	**2,264**	12,993
Financial liabilities		
Financial liabilities at amortised cost	**309,355**	191,519
Obligation arising from a forward contract with non-controlling interests	**40,136**	45,632
Derivatives	**18,664**	–

b. Financial risk management objectives and policies

The Group's major financial instruments consisted of trade and other receivables and deposits, loan receivables, finance lease receivables, restricted bank balances, bank deposits, cash and cash equivalents, financial assets at FVTPL, equity instruments at FVTOCI, trade and other payables, obligation arising from a forward contract with non-controlling interests, derivatives and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate lease liabilities, obligation arising from a forward contract with non-controlling interests, loan receivables, finance lease receivables and term deposits. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate.

The Group currently does not have interest rate hedging policy. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

No sensitivity analysis is presented as the management of the Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

(ii) Currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities (including intra-group balances) at the end of the reporting periods are as follows:

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
US$ denominated monetary assets	**469,026**	543,923
HK$ denominated monetary assets	**917,830**	922,860
HK$ denominated monetary liabilities	**(144)**	(120)
RMB denominated monetary assets	**5,502**	–
RMB denominated monetary liabilities	**(319,317)**	(183,025)

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

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to exchange rates of US$ and HK$ against RMB. For a 5%, 10%, 15% weakening of US$ and HK$ against RMB, the effect on the Group's loss for the year are as follows:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
	Increase in loss for the year	
US$ against RMB		
Weakening		
– 5%	**(8,920)**	(18,675)
– 10%	**(17,840)**	(37,350)
– 15%	**(26,760)**	(56,025)
HK$ against RMB		
Weakening		
– 5%	**(44,412)**	(44,342)
– 10%	**(88,824)**	(88,684)
– 15%	**(133,236)**	(133,026)

For a 5%, 10%, 15% strengthening of US$ and HK$ against RMB, there would be an equal and opposite impact on loss for the year.

(iii) Other price risk

The Group is exposed to other price risk through its investments measured at FVTPL and FVTOCI. The Group invested in certain private fund and listed equity security which had been measured at FVTPL. In addition, the Group invested in certain unquoted equity securities for investees operating in short-form video making or film production industry sectors for long term strategic purpose which had been designated as FVTOCI. The Group monitors the price risk and will consider hedging the risk exposure should the need arise.

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to price risk of financial assets at FVTPL at the reporting date. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within level 3 were disclosed in note 35(c).

If the prices of the respective instruments had been 5% (2023: 5%) higher/lower, the post-tax loss for the year ended 31 December 2024 would decrease/increase by HK$374,000 (2023: HK$378,000) as a result of the changes in fair value of financial assets at FVTPL.

Credit risk and impairment assessment

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is due to failure to discharge an obligation by the counterparties for the carrying amounts of the financial assets at amortised cost.

The Group mainly conducts transactions with customers with good quality and long-term relationship, when accepting new customers, the Group considers the reputation of the customer before contract is signed. In order to minimise the credit risk, the management of the Group continuously monitors the credit quality and financial conditions of the debtors to ensure that follow-up action is taken to recover overdue debts.

To manage risk arising from receivable balances, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management of the Group performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

The Group has concentration of credit risk as 56% of the total trade receivables was due from the Group's largest customer as at 31 December 2024 (2023: 21%), and 98% of the total trade receivables was due from the Group's five largest customers as at 31 December 2024 (2023: 57%). In addition, 80% of total other receivables and deposits was due from the Group's largest debtor as at 31 December 2024 (2023: 86%).

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers

The Group always recognises lifetime ECL for trade receivables arising from contracts with customers. The ECL on these assets are individually assessed for debtors with significant balances or credit-impaired and collectively using a provision matrix with appropriate groupings for the remaining balance. As part of the Group's credit risk management, the Group uses the debtors' aging to assess the impairment for its customers because these debtors consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping and assessment are regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Loan receivables and other receivables and deposits

Before granting the loan receivables, the management of the Group has obtained an understanding to the credit background of the debtors and undertaken an internal credit approval process. The management of the Group has taken into account the economic outlook of the industries in which the debtors operate and reviewed the recoverability of each loan receivable at the end of the reporting period based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportable.

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportable and taking into account the economic outlook of the industries in which the debtors operate.

For other receivables and deposits and loan receivables, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised based on significant increases in the likelihood or risk of a default occurring since initial recognition. For the purpose of internal risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Restricted bank balances/bank deposits/cash and cash equivalents

The Group mainly transacts with banks with high credit ratings. The credit risk for restricted bank balances, bank deposits and cash and cash equivalents is considered as not material as such amount is placed in reputable banks. The Group assessed 12m ECL on these balances by reference to probability of default and loss given default and concluded that the ECL are insignificant and thus no impairment loss was recognised.

The tables below detail the credit risk exposures of the Group's financial assets and finance lease receivables, which are subject to ECL assessment:

31 December 2024	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount HK$000
Financial assets at amortised cost						
Trade receivables – goods and services	23	N/A	(note a)	Lifetime ECL (not credit-impaired and assessed individually)	35.4%	93,327
				Lifetime ECL (credit-impaired and assessed individually)	100.0%	24,915
						118,242
Loan receivables	24	N/A	(note b)	Lifetime ECL (credit-impaired)	100.0%	25,161
Other receivables and deposits	23	N/A	(note b)	12m ECL	1.3%	225,563
				Lifetime ECL (not credit-impaired)	26.5%	81,038
				Lifetime ECL (credit-impaired)	83.7%	38,687
						345,288
Restricted bank balances	27	AAA	–	12m ECL	–	41,951
Bank deposits	27	AAA	–	12m ECL	–	17,525
Bank balances	27	AAA	–	12m ECL	–	212,489

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Restricted bank balances/bank deposits/cash and cash equivalents (Continued)

31 December 2023	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount HK$000
Financial assets at amortised cost						
Trade receivables – goods and services	23	N/A	(note a)	Lifetime ECL (not credit-impaired and assessed individually)	3.9%	83,667
				Lifetime ECL (provision matrix)	5.7%	102,529
				Lifetime ECL (credit-impaired and assessed individually)	74.8%	182,076
						368,272
Loan receivables	24	N/A	(note b)	12m ECL	–	4,524
				Lifetime ECL (credit-impaired)	100.0%	21,341
						25,865
Other receivables and deposits	23	N/A	(note b)	12m ECL	1.2%	503,011
				Lifetime ECL (not credit-impaired)	4.9%	9,203
				Lifetime ECL (credit-impaired)	97.5%	20,021
						532,235
Restricted bank balances	27	AAA	–	12m ECL	–	41,951
Bank balances	27	AAA	–	12m ECL	–	325,816
Other item						
Finance lease receivables		N/A	(note a)	Lifetime ECL (assessed individually)	–	3,045

Notes:

a. For trade receivables and finance lease receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables with significant balances or credit-impaired and finance lease receivables, the Group determines the ECL on these items using a provision matrix grouped by the debtors' aging.

b. For loan receivables and other receivables and deposits, the Group has applied the 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL.

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

ECL on debtors with significant outstanding balances or credit-impaired with total gross carrying amount of HK$118,242,000 as at 31 December 2024 (2023: HK$265,743,000) were assessed individually with impairment allowance of HK$57,954,000 was recognised for those debtors as at 31 December 2024 (2023: HK$139,419,000).

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired) as at 31 December 2023.

	At 31 December 2023		
	Average loss rate	Gross carrying amount HK$000	Impairment loss allowance HK$'000
Trade receivables			
Within 3 months	**1.83%**	**54,453**	**996**
3-6 months	**7.43%**	**28,882**	**2,146**
7-12 months	**14.17%**	**19,194**	**2,719**
		102,529	**5,861**

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movements in lifetime ECL that have been recognised for trade receivables.

	Lifetime ECL (not credit-impaired) HK$000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2023	1,901	47,626	49,527
Transfer to credit-impaired	(510)	510	–
Impairment losses reversed	(1,391)	(1,012)	(2,403)
Impairment losses recognised	9,169	90,410	99,579
Exchange realignment	(70)	(1,353)	(1,423)
At 31 December 2023	9,099	136,181	145,280
Transfer to credit-impaired	(2,210)	2,210	–
Impairment losses reversed	(3,536)	–	(3,536)
Impairment losses recognised	30,942	42,733	73,675
Write-offs	–	(154,895)	(154,895)
Exchange realignment	(1,256)	(1,314)	(2,570)
At 31 December 2024	33,039	24,915	57,954

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the reconciliation of loss allowance that has been recognised for other receivables and deposits.

	12m ECL HK$'000	Lifetime ECL (not credit-impaired) HK$000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2023	–	85	12,965	13,050
Impairment losses reversed	–	–	(317)	(317)
Impairment losses recognised	6,274	372	7,109	13,755
Exchange realignment	(47)	(3)	(235)	(285)
At 31 December 2023	6,227	454	19,522	26,203
Impairment losses reversed	**(3,271)**	**(310)**	**(215)**	**(3,796)**
Impairment losses recognised	**27**	**21,672**	**13,672**	**35,371**
Exchange realignment	**(85)**	**(321)**	**(614)**	**(1,020)**
At 31 December 2024	**2,898**	**21,495**	**32,365**	**56,758**

The following table shows the reconciliation of loss allowance that has been recognised for loan receivables.

	Lifetime ECL (credit-impaired) HK$'000
At 1 January 2023	8,396
Impairment losses recognised	13,161
Exchange realignment	(216)
At 31 December 2023	21,341
Impairment losses recognised	4,339
Exchange realignment	(519)
At 31 December 2024	25,161

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of liquidity risk, the management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average interest rate	Less than 1 year HK$000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2024						
Non-derivative financial liabilities						
Trade and other payables		**309,355**	**–**	**–**	**309,355**	**309,355**
Obligation arising from a forward contract with non-controlling interests	**9.00%**	**41,143**	**–**	**–**	**41,143**	**40,136**
Derivatives	**6.00%**	**20,086**	**–**	**–**	**20,086**	**18,664**
		370,584	**–**	**–**	**370,584**	**368,155**
Lease liabilities	**5.00%**	**9,972**	**9,542**	**4,336**	**23,850**	**22,166**

	Weighted average interest rate	Less than 1 year HK$000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2023						
Non-derivative financial liabilities						
Trade and other payables		191,519	–	–	191,519	191,519
Obligation arising from a forward contract with non-controlling interests	9.00%	–	50,451	–	50,451	45,632
		191,519	50,451	–	241,970	237,151
Lease liabilities	5.00%	15,110	15,407	14,221	44,738	41,359

35. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments

Financial instruments carried at fair value

The Group measures its following financial instruments at fair value at the end of the reporting period on a recurring basis:

	Fair value as at 31 December 2024 HK$000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Inputs as at 31 December 2024	Relationship of unobservable inputs to fair value
Financial assets						
Unlisted equity securities – Yingyi Technology	2,264	Level 3	Reference to the net assets value of the investee	Net assets value of the investee		The higher the net assets value, the higher the fair value, vice versa (note a)
Unlisted equity securities – Hainan Juxing	–	Level 3	Reference to the net assets value of the investee	Net assets value of the investee		N/A
Investment in private fund – for angel investments	9,832	Level 3	Reference to the net assets value of underlying investments held by the investee	Net assets value of underlying investments		The higher the net assets value of underlying investment, the higher the fair value, vice versa (note b)
Financial liabilities						
Obligation arising from a forward contract with non-controlling interests	40,136	Level 2	Reference to the higher of the sum of the investment principal and interests at a fixed rate of 9% per annum and the unaudited net asset value of Yangzhou Huayue	N/A	N/A	N/A
Derivatives	18,664	Level 2	Reference to the sum of the investment principal and interests at a fixed rate of 6%	N/A	N/A	N/A

35. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

Financial instruments carried at fair value (Continued)

	Fair value as at 31 December 2023 HK$000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Inputs as at 31 December 2023	Relationship of unobservable inputs to fair value
Financial assets						
Unlisted equity securities – Yingyi Technology	12,993	Level 3	Income approach – the discounted cash flow method was used to capture the present value of the expected future economic benefits, to be derived from the ownership of this investee, based on an appropriate discount rate	Long-term revenue growth rate	2.2%	The higher the long term revenue growth rate, the higher the fair value, vice versa (note a)
				Discount rate	16.0%	The higher the discount rate, the lower the fair value, vice versa (note a)
Unlisted equity securities – Hainan Juxing	–	Level 3	Reference to the net assets value of the investee	Net assets value of the investee		N/A
Investment in private fund – for angel investments	7,414	Level 3	Reference to the net assets value of underlying investments held by the investee	Net assets value of underlying investments		The higher the net assets value of underlying investment, the higher the fair value, vice versa (note b)
Investment in private fund – for JD Logistics	1,991	Level 1	Quoted bid prices in an active market	N/A	N/A	N/A
Financial liabilities						
Obligation arising from a forward contract with non-controlling interests	45,632	Level 2	Reference to the higher of the sum of the investment principal and interests at a fixed rate of 9% per annum and the unaudited net asset value of Yangzhou Huayue	N/A	N/A	N/A

35. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

Financial instruments carried at fair value (Continued)

Notes:

a. A 1% increase/decrease in the net assets value holding all other variables constant would increase/decrease the carrying amount of unlisted equity securities by HK$23,000 as at 31 December 2024 (2023: a 1% increase/decrease in the long-term growth rate or the discount rate holding all other variables constant would increase/decrease the carrying amount of unlisted equity securities by HK$754,000 and HK$965,000, respectively).

b. A 1% increase/decrease in the net assets value of underlying investment holding all other variables constant would increase/decrease the carrying amount of unlisted equity securities by HK$98,000 as at 31 December 2024 (2023: HK$74,000).

The fair value of the unlisted equity securities of Yingyi Technology as at 31 December 2023 was arrived based on a valuation carried out by an independent valuer. As at 31 December 2024, the fair value of the unlisted equity securities of Yingyi Technology could not be arrived based on income approach and was determined with reference to the net assets value of Yingyi Technology.

There were no transfers between level 1 and level 2 during the year ended 31 December 2024 (2023: nil).

Reconciliation of level 3 measurements

The following table represents the reconciliation of level 3 measurements throughout the year.

	Unlisted equity securities HK$000	Investment in private fund HK$'000	Total HK$'000
At 1 January 2023	24,612	–	24,612
Transfer from level 2 to level 3	3,358	5,597	8,955
Net loss in other comprehensive income	(14,685)	–	(14,685)
Total gain in profit or loss	–	1,910	1,910
Exchange realignment	(292)	(93)	(385)
At 31 December 2023	12,993	7,414	20,407
Net loss in other comprehensive income	(10,604)	–	(10,604)
Total gain in profit or loss	–	2,615	2,615
Exchange realignment	(125)	(197)	(322)
At 31 December 2024	**2,264**	**9,832**	**12,096**

Fair values of financial instruments carried at other than fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these consolidated financial statements approximate their fair values.

36. RETIREMENT BENEFIT SCHEME

The employees of the Group are members of a state-managed retirement benefits scheme (the "Retirement Benefits Scheme") operated by the PRC Government. The Group is required to contribute a 16% of the total monthly basic salaries of its current employees to the Retirement Benefits Scheme to fund the benefits. The only obligation of the Group with respect to the Retirement Benefits Scheme is to make the specified contributions.

During the years ended 31 December 2024, there is no forfeited contribution available for the Group to reduce its existing level of contributions (2023: nil). There were also no forfeited contributions available at 31 December 2024 under such scheme which may be used by the Group to reduce the contribution payable in future years (2023: nil).

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of HK$1,575,000 (2023: HK$3,409,000) represented contributions paid and/or payable to the scheme by the Group for the year ended 31 December 2024.

37. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2024, there was no new lease agreements for buildings and no right-of-use assets and lease liabilities was recognised (2023: right-of-use assets of HK$26,409,000 and lease liabilities of HK$26,409,000 were recognised).

During the current year, the Group and the traffic supplier of the Group entered into several debt settlement agreements, pursuant to which the payables to the traffic supplier of HK$461,096,000 (2023: HK$150,000,000) and HK$220,000,000 (2023: HK$250,000,000) were offset against the Group's prepayments to the traffic supplier and the Group's refundable deposits for expanding overseas E-commerce markets of the same amount, respectively.

38. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Fees	**330**	333
Salaries and other benefits-in-kind	**5,878**	4,621
Contributions to retirement benefits scheme	**208**	227
Discretionary bonus	**–**	1,397
Equity-settled share-based expenses	**2,762**	6,298
	9,178	12,876

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$'000	Accrued share issue costs* HK$000	Obligation arising from a forward contract with non-controlling interests HK$'000	Total HK$'000
At 1 January 2023	43,077	1,119	42,676	86,872
New lease entered	26,409	–	–	26,409
Early termination	(11,766)	–	–	(11,766)
Financing cash flows	(18,057)	–	–	(18,057)
Finance costs	2,303	–	–	2,303
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	–	–	3,592	3,592
Exchange realignment	(607)	(16)	(636)	(1,259)
At 31 December 2023	41,359	1,103	45,632	88,094
Early termination	(9,252)	–	–	(9,252)
Financing cash flows	(10,550)	–	(7,906)	(18,456)
Finance costs	1,222	–	–	1,222
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	–	–	3,431	3,431
Exchange realignment	(613)	(23)	(1,021)	(1,657)
At 31 December 2024	22,166	1,080	40,136	63,382

* The accrued share issue costs are included in "accrued listing expense/shares issue costs" as set out in note 28.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

At the end of the reporting period, the Company has direct and indirect interests in the following subsidiaries, particulars of which are set out below:

Name of subsidiaries	Legal form	Place and date of establishment/ incorporation and operation	Issued share capital/paid up registered capital	Proportion of interest and voting power held by the Group At 31 December 2024 %	2023 %	Principal activities
Directly held:						
Joy Spreader Interactive Technology (HK) Limited	Limited liability company	Hong Kong 28 March 2019	HK$1	**100**	100	Investment holding
Indirectly held:						
樂享互動集團有限公司 Joy Spreader WFOE	Wholly-foreign owned enterprise	PRC 22 May 2019	RMB100,000,000	**100**	100	Investment holding
Joy Spreader International (ii)	Limited liability company	Hong Kong 25 October 2019	HK$10,000	**96**	98	Trading business
霍爾果斯樂享互動網絡科技有限公司 Horgos Joyspreader Interactive Technology Co., Ltd (i)	Limited liability company	PRC 24 March 2020	RMB110,000,000	**100**	100	Digital marketing business and the relevant services
樂享互動(南京)投資有限公司 Joy Spreader (Nanjing) Investment (i)	Wholly-foreign owned enterprise	PRC 17 November 2020	US$14,960,000	**100**	100	Investment holding
樂享互動(南京)網絡科技有限公司 Joy Spreader (Nanjing) Interactive Technology Co., Ltd (i)	Limited liability company	PRC 23 November 2020	RMB84,600,000	**100**	100	Digital marketing business and the relevant services
Consolidated Affiliated Entities:						
北京樂享互動網絡科技股份集團有限公司 Beijing Joyspreader (i)	Joint stock limited liability company	PRC 9 October 2008	RMB16,312,632	**100**	100	Digital marketing business and the relevant services and investment holding
霍爾果斯耀西網絡科技有限公司 Horgos Yaoxi Internet Technology Co., Ltd (i)	Limited liability company	PRC 19 March 2017	RMB10,000,000	**100**	100	Digital marketing business and the relevant services
霍爾果斯智普數聯網絡科技有限公司 Horgos Zhipu Shulian Internet Technology Co., Ltd (i)	Limited liability company	PRC 7 January 2020	RMB10,000,000	**100**	100	Digital marketing business and the relevant services

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) Joy Spreader International was audited by Deloitte Touche Tohmatsu for the year ended 31 December 2023.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2024	2023
	HK$'000	HK$'000
NON-CURRENT ASSET		
Interests in subsidiaries	**259,451**	1,238,587
	259,451	1,238,587
CURRENT ASSETS		
Financial assets at FVTPL	**–**	1,991
Bank deposits	**17,525**	–
Bank balances and cash	**142,532**	178,982
Other receivables	**11,127**	8,240
Amount due from a subsidiary	**–**	312,411
	171,184	501,624
CURRENT LIABILITIES		
Other payables	**574**	292
Amount due to a subsidiary	**35,424**	31,373
Liabilities for cash-settled share-based payments	**3,371**	1,776
	39,369	33,441
NET CURRENT ASSETS	**131,815**	468,183
TOTAL ASSETS LESS CURRENT LIABILITIES	**391,266**	1,706,770
CAPITAL AND RESERVES		
Share capital	**24**	24
Reserves	**391,242**	1,706,746
TOTAL EQUITY	**391,266**	1,706,770

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movements in the Company's reserves

	Treasury stocks HK$000	Share premium HK$000 (note 32)	Other reserve HK$'000 (note 32)	Translation reserve HK$'000 (note 32)	Accumulated losses HK$'000	Share-based payments reserve HK$'000 (note 32)	Total HK$'000
As at 1 January 2023	(6,955)	1,978,184	–	(38,836)	(186,366)	412	1,746,439
Loss and total comprehensive expense for the year	–	–	–	(23,071)	(19,960)	–	(43,031)
Recognition of share-based payment expense (note 33(a))	–	–	–	–	–	3,338	3,338
Vesting of shares of the Company (note 33(a))	6,955	–	(3,205)	–	–	(3,750)	–
At 31 December 2023	–	1,978,184	(3,205)	(61,907)	(206,326)	–	1,706,746
Loss and total comprehensive expense for the year	–	–	–	(17,638)	(1,297,866)	–	(1,315,504)
At 31 December 2024	–	1,978,184	(3,205)	(79,545)	(1,504,192)	–	391,242

DEFINITIONS

"1P Traffic"	first-party traffic
"AIGC"	artificial intelligence generated content
"AGM"	the annual general meeting of the Company to be held on June 27, 2024
"app"	mobile application
"Articles of Association"	the current memorandum and articles of association of the Company, being the second amended and restated memorandum and articles of association
"Audit Committee"	the audit committee of the Board
"Beijing Daoyoudao"	Daoyoudao Technology Group Co., Ltd. (道有道科技集團股份有限公司, formerly known as 道有道(北京)科技股份有限公司), a company listed on the NEEQ with stock code 832896, established under the laws of the PRC on June 12, 2007
"Beijing Joyspreader"	Beijing Joy Spreader Interactive Network Technology Group Co., Ltd (北京樂享互動網絡科技股份集團有限公司), a company established under the laws of the PRC with limited liability on October 9, 2008, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
"Beijing Zinan and Friends"	Beijing Zinan and his Friends Cultural Centre (Limited Partnership) (北京子南和他的小夥伴們文化中心(有限合夥)), a limited partnership set up under the laws of the PRC on July 6, 2016 which is directly owned as to 90% by Mr. Zhu and 10% by Mr. Zhang Zhidi (張之的)
"Board"	the board of Directors of the Company
"CAGR"	compound annual growth rate
"Corporate Governance Code"	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan

"Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely Beijing Joyspreader and its subsidiaries
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, WFOE, Beijing Joyspreader and the Registered Shareholders
"Director(s)"	the director(s) of the Company
"ESG"	environmental, social and governance
"Foreign Investment Law"	the PRC Foreign Investment Law《(中華人民共和國外商投資法》)
"FVTPL"	fair value through profit or loss
"FVTOCI"	fair value through other comprehensive income
"GDP"	gross domestic product
"GMV"	gross merchandise volume
"Group", "the Group", "Joy Spreader Group", "we" or "us"	our Company, its subsidiaries and the consolidated affiliated entities at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the subsidiaries of our Company or the businesses operated by its present subsidiaries (as the case may be)
"Joy Spreader International"	Joy Spreader International (HK) Limited (樂享國際有限公司), formerly known as Joy Spreader Interactive Group (HK) Limited (香港樂享互動集團有限公司), a company incorporated in Hong Kong on October 25, 2019 as a limited liability company and a wholly-owned subsidiary of us
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"interactive entertainment product(s)"	interactive entertainment product(s), primarily comprising games and internet literature, etc.
"Joy Spreader", "Company", or "We"	Joy Spreader Group Inc. (樂享集團有限公司) (formerly known as Joy Spreader Interactive Technology. Ltd (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 E-commerce"	Joy Spreader International E-commerce (hk) Limited, a company incorporated in Hong Kong on May 31, 2023 as an exempted company with limited liability
"Joy Spreader Singapore"	JOY SPREADER INTERACTIVE GROUP PTE. LTD., a company incorporated in Singapore on February 23, 2023 as an exempted company with limited liability and a wholly-owned subsidiary of the Company
"Listing"	the listing of the Shares on the Main Board on September 23, 2020
"Listing Date"	September 23, 2020, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"MCN"	multi-channel network, a product form of multi-channel network, is a new operation mode of internet celebrity economy
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Nanjing Pingheng Capital"	Nanjing Balance Capital Management Centre (General Partnership) (南京平衡資本管理中心(普通合夥)), a general partnership set up under the laws of the PRC on March 6, 2013
"Nantong Pinghengchuangye"	Nantong Pinghengchuangye Venture Capital Investment Centre (Limited Partnership) (南通平衡創業投資基金中心(有限合夥)), a limited partnership set up under the laws of the PRC on June 11, 2015
"Nomination Committee"	the nomination committee of the Board

"Mr. Zhu"	Mr. Zhu Zinan (朱子南), our Chairman, executive Director, chief executive officer and one of our Controlling Shareholders
"Over-allotment Option"	has the meaning ascribed thereto in the Prospectus
"Prospectus"	the prospectus issued by the Company dated September 10, 2020
"PGC"	professional generated content
"R&D"	research and development
"Registered Shareholder(s)"	being Mr. Zhu Zinan, Nantong Pinghengchuangye, Beijing Zinan and Friends, Jiaxing Baozheng Investment Partnership (Limited Partnership) (嘉興寶正投資合夥企業(有限合夥)), Beijing Daoyoudao, Nanjing Pingheng Capital, Mr. Zhang Zhidi, Mr. Chen Liang, Shanghai Jinjia, Mr. Guo Zhiwei, Ms. Zhang Yue, Ms. Zhang Wenyan, Ms. Xue Xiaoli, Ms. Zhu Xifen, Mr. Xiong Chi and Ms. Huang Huijuan, who are shareholders of Beijing Joyspreader
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the twelve months period from January 1, 2024 to December 31, 2024
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary shares in the share capital of our Company with the nominal value of HK$0.00001 each
"Shanghai Jinjia"	Shanghai Jinjia Asset Management Co., Ltd. (上海今嘉資產管理有限公司), a company established under the laws of the PRC with limited liability on February 6, 2016
"Share Award Scheme"	the share award scheme adopted by the Board on June 21, 2021
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"UGC"	user generated content
"WFOE"	Joy Spreader Interactive Group Limited (樂享互動集團有限公司), formerly known as Beijing Joy Spreader Interactive Technology Co., Ltd (北京樂享互動科技有限公司), a limited liability company established in the PRC on May 22, 2019 and a wholly-owned subsidiary of us
"Yingyi Technology"	Shenzhen Yingyi Vision Technology Co., Ltd. (深圳影漪視界科技有限公司), a non-listed company established under the laws of the PRC with limited liability on September 14, 2020

In this annual report, the terms "associate", "connected person", "controlling shareholder" and "subsidiary" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.