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

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

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

The Board is pleased to present the audited consolidated results of the Group for the year ended December 31, 2025, together with the comparative figures for the year ended December 31, 2024. The results of the Group have been reviewed by the Audit Committee.

The audited consolidated annual results of the Group for the year ended December 31, 2025 together with comparative figures for the corresponding period in 2024 are as follows:

**FINANCIAL RESULTS HIGHLIGHTS**

	<b>For the year ended December 31</b>		Year-on-year changes
	<b>2025</b>	2024	Increase/ (Decrease)
	<i>(HK\$ in millions, except for percentages)</i>		
<b>Revenue</b>	<b>11.68</b>	113.31	(89.69)%
<b>Gross profit</b>	<b>5.21</b>	1.05	396.19%
Loss for the year attributable to owners of the Company	<b>(161.92)</b>	(1,068.48)	(84.85)%
Net loss margin	<b>(1,386.30)%</b>	(942.97)%	(443.33) <sup>(1)</sup>
Loss per Share			
– Basic (HK cents)	<b>(6.83)</b>	(45.05)	(84.84)%
– Diluted (HK cents)	<b>(6.83)</b>	(45.05)	(84.84)%

*Note:*

*(1) Changes in percentage points.*

Highlights of the Group's operational results for the year ended December 31, 2025, together with comparative figures for the corresponding period in 2024, are as follows:

## OPERATIONAL RESULTS HIGHLIGHTS

	As of December 31 or for the year ended December 31		Year-on-year changes Increase/ (Decrease)
	2025	2024	
<b>AI marketing business (formerly Algorithm-based marketing business)</b>			
GMV of domestic short video platform			
E-commerce marketing (HK\$ million)	–	22.04	(100)%
Number of paid actions of interactive entertainment products marketing <sup>(1)</sup> ('000)	–	24,242	(100)%
Average revenue per paid action (HK\$)	–	2.46	(100)%
<b>AI overseas marketing business (formerly Overseas sales of E-commerce goods business)</b>			
Sales (HK\$ million)	<b>3.38</b>	32.80	(89.70)%
<b>Culture business</b>			
Sales (HK\$ million)	<b>5.56</b>	2.50	122.40%

*Note:*

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

## CORPORATE PROFILE

Looking back on 2025, the deep integration of the digital economy and AI (artificial intelligence) has brought about a fundamental transformation of the precision marketing ecosystem. Downstream traffic platforms (including Douyin and WeChat) have become fully AI-enabled, accelerating industry reshuffle and placing substantial pressure on the Group's traditional businesses. Transformation became the only viable path to adapt to industry changes and prevent a continuous decline in performance. Against the rapidly evolving market landscape, the Group proactively embraced underlying technological advancement and comprehensively upgraded its business logic from traditional user tagging and traffic matching to the deep integration of three core technological systems: AI intelligent marketing Agent, GEO (Generative Engine Optimization, which optimizes the exposure weight of content in AI retrieval to capture traffic entry points in the AI era) and AIGC multi-modal content generation.

The Group has completed the construction of proprietary computing power and the establishment of an AI marketing model knowledge base. It has also conducted large-scale vertical domain model training for core business scenarios including domestic and overseas AI marketing and digital assets. By breaking away from the traditional algorithmic reliance on historical data, the Group has built a competitive edge centred on AI marketing technology, fully realising the strategic upgrade from being “algorithm-driven” to “vertical AI marketing model and generative technology-driven”, which laid a solid foundation for future revenue growth and profitability.

## CHANGES IN TRAFFIC PLATFORM RULES AND TECHNOLOGICAL TRANSFORMATION

The Group has keenly recognised the fundamental changes to marketing rules on downstream traffic platforms (including Douyin and WeChat). The platform tagging system has fully shifted from a “static file-based” model to “dynamic plus multi-modal real-time capture”. AI has fully taken over crowd targeting and creative optimisation. The “manual tagging/basic algorithm” model adopted by traditional agencies has completely lost competitiveness, and entities failing to transform in a timely manner will be rapidly eliminated from the industry. Against this backdrop, the Group resolved to advance technological transformation, fully adapt to the platform's AI ecosystem and seize the first-mover advantage in the industry transition.

Based on the above industry changes and its organic development needs, the Group has completed three core technological transformations to fully align with the platform's AI ecosystem and establish differentiated competitive advantages, as detailed below:

### **1. Comprehensively upgraded AI marketing algorithms to adapt to new platform rules (key achievement: delivery effectiveness restored to optimal levels, supporting performance improvement)**

Adopting the strategy of “open-source foundation plus proprietary marketing data for training vertical models”, the Group carried out full-process AI transformation of its own marketing platform, automating dynamic multi-modal tag matching, intelligent placement, cross-domain collaborative optimisation and real-time performance tracking. Such transformation fully complies with the platform's AI advertising rules, restored delivery performance to the optimal range, effectively improved the conversion rates of customers' advertisement, reduced marketing costs and provided core support for the Group's performance improvement.

## **2. Reconstructed the AIGC content production system to enable computing-power-driven creation**

The Group independently developed an AIGC engine compatible with mainstream traffic platforms, enabling second-level batch generation of promotional copies, short video materials, short drama promotional content and creative ideas. Content production has been fully upgraded from “labour-driven” to “computing-power-driven”, achieving exponential efficiency improvement compared with traditional manual creation and significantly reducing content production costs. It fully supports large-scale, high-efficiency and high-quality content supply under the platform AI ecosystem, providing core technological support for incremental segments such as short dramas and trendy toys.

## **3. Established GEO capabilities to capture traffic entry points in the AI era (key advantage: hard to replicate by peers, forming technological barriers)**

The Group took a forward-looking approach in deploying GEO technology, different from the industry’s general focus on AIGC content production. GEO represents the core competition for traffic entry points in the AI era. Through its proprietary technical framework, the Group can effectively optimise the weight and credibility of customers’ content in AI-generated results, assisting customers in securing dominant traffic positions in the AI dialogue era. Together with AIGC technology, it forms a dual-core technological barrier, further extended into a triple barrier of “AI Marketing + AIGC + GEO” which is difficult for peers to replicate, providing unique competitive advantages for incremental businesses including short dramas, trendy toys and brand marketing.

Through this technological transformation, the Group has fully upgraded from traditional algorithmic delivery to AI-powered full-domain intelligent marketing. It has truly reconstructed its technological foundation, and realised AI-empowered business logic and intelligent content production, becoming one of the first marketing technology groups in the industry to complete AI adaptation. This has not only avoided the risk of elimination of traditional businesses but also strengthened its technological foundation for capturing high-growth segments and achieving profit growth, significantly enhancing long-term competitiveness.

## **SYNERGY OF THREE CORE TECHNOLOGIES AND CORE COMPETITIVE STRENGTHS**

The Group has not only upgraded its underlying AI capabilities but also strategically deployed GEO technology ahead of the market, representing its core differentiated advantage over peers. At present, search engines and various traffic entry points are fully transitioning to generative AI, and traditional traffic operation models can no longer adapt to the new environment. GEO technology is the key support for the Group to capture the next-generation core traffic segment and build long-term competitive strengths, bringing sustained technological benefits to shareholders.

### **1. GEO technology: Securing dominant traffic positions for customers in the AI era and enhancing the Group’s business competitiveness**

As traffic entry points shift to generative AI, players controlling exposure weight in AI retrieval will gain industry initiative. Through its proprietary technical framework, the Group effectively optimises the mention weight and credibility of customers’ brand content in AI retrieval, helping customers firmly occupy dominant traffic positions in the AI dialogue era, thereby improving customer stickiness and business revenue and creating greater value for shareholders.

## **2. AIGC multi-modal capabilities: Supporting cross-business synergy and unlocking incremental profit potential**

The Group has built a full-scenario content generation system covering text, images, videos, scripts and virtual humans, with real-time cross-lingual and cross-cultural content production capacity. It not only provides support for domestic short drama and full-domain marketing businesses but also provides robust technical support for overseas operations (short drama globalization, non-3C product promotion) and digital asset operations, enabling cross-business synergy and greater incremental profit potential.

## **3. AI intelligent marketing system: Achieving precise conversion and securing business profitability**

The Group has built a comprehensive AI marketing system featuring full-domain user profiling, intelligent delivery optimisation, real-time performance tracking and dynamic iterative review. It enables precise reach to target users, efficiently improves conversion efficiency, optimises marketing costs and delivers measurable and traceable performance. It maintains technological alignment and leadership amid the industry-wide AI transformation, effectively securing the Group's business profitability.

Supported by its leading "AIGC + GEO" technological portfolio and a comprehensive AI intelligent marketing system, the Group has proactively adjusted its upstream customer structure, realised the strategic migration of its business focus towards high-growth and high-margin segments and established technological barriers difficult for peers to replicate, providing solid support for long-term profit growth.

## **BUSINESS LAYOUT AND INCREMENTAL BREAKTHROUGHS**

Faced with evolving market conditions, the Group decisively adjusted resource allocation and adhered to the strategy of "stabilising existing business, achieving incremental breakthroughs", ensuring short-term cash flow stability while fully tapping long-term growth potential. Specific business layouts (all implemented with initial results) are as follows:

### **1. AI Marketing (formerly domestic algorithm-based marketing business): Stabilising cash flows from existing business, expanding profits from incremental business (future core profit growth driver)**

Existing business: Mature businesses such as marketing agency and advertising top-up agency have been maintained to stably serve traditional customers and secure the Group's core cash flows, providing support for technology R&D and investment in incremental business.

Incremental business: The Group focuses on two high-growth segments, namely short dramas and trendy toys (with rapid industry growth and high profitability). Backed by GEO and AIGC technologies to capture traffic benefits, it has achieved improvements in both marketing efficiency and conversion rates. The Group will continue to increase investment and expect it to become a core profit growth driver and drive sustained performance improvement of the Group.

**2. AI Overseas Marketing (formerly overseas E-commerce business): Asset-light model to reduce risks, expanding increment in Southeast Asia (low risk and high potential)**

The Group uses AI models to fully empower cross-border business and advance light-asset transformation (reducing operational risks and improving profitability). Backed by the MARTOP platform and AI technologies, it focuses on short drama globalization and high-margin non-3C product promotion. To date, the MARTOP platform has already generated commission income. The Group is prioritising growth potential in emerging markets including Southeast Asia (with rising internet penetration and strong consumer demand) and will gradually expand business scale to deliver stable incremental revenue.

**3. Culture business: Developing new profitable segments, supported by central state-owned enterprise (SOE) and empowered by technology (with favourable policies)**

Benefiting from the national digital culture strategy, the Group will continue to deepen strategic collaboration with Poly Joy Spreader Digi-Entertainment, a mixed-ownership reform company of a central SOE. It has launched the “Kong Jian” (空兼) digital asset platform and realised commercial operation. Meanwhile, it is actively deploying short drama and film and television investment, AIGC content production, MCN and talent agency, and cultural-tourism integration, forming a dual-engine model of “technological empowerment + resource support” to develop new profitable segments and inject new impetus into long-term growth.

**4. The Groups’ full-domain operation and management upgrade solution centred on the Open Claw agent**

The Group will fully benchmark the intelligent transformation experience of industry-leading companies. With the Open Claw agent as its technological core and digital foundation, it will implement a systematic upgrade covering the full business chain, all operational processes and all management dimensions to build a new-generation intelligent operation and management system that is technologically leading, autonomously collaborative, efficient and lean. The Group’s investment in Token-related expenses will become a material component of its R&D expenses.

## **OUTLOOK**

Going forward, the Group will continue to take “precision marketing” as the Company’s inherent gene and mission, employ AI technology as its core engine, deepen the synergy of three core technologies and focus on four high-growth segments: short dramas, trendy toys, Southeast Asian overseas business and culture business. It will steadily promote technology implementation and business expansion. Based on current transformation progress and industry trends, the Group expects its performance losses to continue narrowing and gradually turn profitable. In the long run, relying on irreplicable technological barriers, resource support of a central SOE, and layout in high-growth segments, the Group is poised to establish a leading position in the AI marketing sector, continuously improve profitability and deliver sustainable and stable investment returns to shareholders. Meanwhile, the Group will address the pressure of temporary stagnation in revenue scale in the short term, take transformation as an opportunity to consolidate its business foundation and gather strength for long-term growth.

## I. BUSINESS INTRODUCTION

Based on more than ten years of technological accumulation, with massive marketing data processing capabilities and algorithm model research and development capabilities as the foundation, combined with advanced AI large models, the Group has continuously invested in the research and development of proprietary computing power, a proprietary AI model knowledge base, and proprietary AI vertical models, fully accomplished the strategic upgrade from being “algorithm-driven” to “vertical AI marketing model and generative technology-driven”.

On this basis, the Group focuses on the collaborative development of three core business segments: The AI marketing segment, as the core source of revenue, covers the two original existing businesses of marketing agency and advertising top-up agency, as well as two emerging track businesses of short drama distribution and trendy toy precision marketing. With the deep integration of three core technological systems: AI intelligent marketing, GEO (Generative Engine Optimization) and AIGC multi-modal content generation, and the completion of proprietary computing power construction and the establishment of AI marketing model knowledge base, it provides customers with precise and customized information promotion services. The AI overseas marketing segment focuses on the core market of Southeast Asia. Relying on the self-built E-commerce platform MARTOP and AI intelligent marketing Agent, it builds a full-link overseas traffic marketing ecosystem under an asset-light model, focusing on the overseas expansion of short dramas and the overseas promotion of high-margin non-3C products. Relying on Poly Joy Spreader Digi-Entertainment (Beijing) Co., Ltd. (“**Poly Digi-Entertainment**”), a mixed-ownership reform company jointly established with a central state-owned enterprise (SOE), the culture business segment focuses on core areas such as the investment of presentation shares in short dramas and film and television, AI digital asset authentication, AIGC content production, MCN (Multi-Channel Network) and artist agency, and culture and tourism integration, to promote the digital upgrading of the cultural industry.

The three business segments are highly collaborative. The core technological capabilities of AI marketing empower the expansion of overseas business, and the AIGC content production capabilities run through short drama distribution and the culture business, jointly building the Group’s differentiated competitive advantages.

### 1. AI Marketing Segment (formerly domestic algorithm-based marketing business)

As the core revenue pillar of the Group, the AI marketing segment integrates the original existing business and emerging track business. Since the second half of 2024, the platform AI upgrade was initiated, and the AI adaptation and upgrade of the proprietary platform was completed in 2025. It accurately connects with the AI-based operation rules of mainstream platforms, achieving the dual-wheel drive of “maintaining existing stability + incremental breakthroughs”.

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

Marketing Agency: The Group's traditional core performance-based marketing business relies on self-developed algorithms and data labeling capabilities to build precise marketing bridges for traditional existing customers such as games and online literature. In response to industry changes such as platform AI algorithm automation and full-link advertising placement, the iteration and upgrade of the proprietary platform's AI algorithms and data label system have been completed, adapting to new requirements such as dynamic + multi-modal labels and AI global collaborative placement. After the upgrade, it continues to serve traditional existing customers, while adding traffic channels other than ByteDance and Tencent, providing services including traffic optimization and placement strategy and planning.

Advertising Top-up Agency: This is an adaptive business adjustment aimed at traditional existing customers, not a completely newly expanded business. Relying on long-term and stable cooperative relationships with mainstream traffic platforms such as Douyin and Tencent, as well as a mature fund settlement and account management system, it provides customers with convenient and compliant advertising account top-ups and supporting basic operation services. It maintains customer stickiness and stabilizes the basic business fundamentals under an asset-light model. At present, the AI upgrade of the proprietary platform's fund management and account docking modules has been completed, significantly improving service efficiency and compliance.

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

The Group focuses on two high-growth tracks: short dramas and trendy toys. Empowered by GEO and AIGC technologies, the Group fully unlocks traffic value and achieves synchronous improvement in marketing efficiency and conversion rates.

Short Drama Distribution: As the key incremental core business expanded by the Group in 2025, facing brand new customer groups such as short drama production institutions, it relies on AI technology to carry out distribution and short drama platform traffic placement services for AIGC (artificial intelligence generated content), live-action dramas/comic dramas. It has reached cooperation intentions or signed agreements with film and television production companies under the Poly-affiliated companies — Poly Digi-Entertainment, an enterprise invested by the Group — Yingyi Vision, a subsidiary of Taimei Toys Group (泰美玩具集團) – TEAMMI, and a well-known South Korean IP (intellectual property) animation company — Star Entertainment, etc. They jointly produce various types of short and medium dramas, distribute and promote them and place traffic through platforms such as Douyin, and recognize revenue based on real-time placement effects. The core sources of profit are distribution income and traffic placement service fees.

Precision Marketing for Trendy Toy: An AI-driven service created for brand new customer groups in the trendy toy industry. It focuses on the consumption preferences of Generation Z, and through AI user portrait analysis, dynamic multi-modal label matching, and customized AIGC content generation, it provides

trendy toy customers with services such as new product promotion, precise traffic placement, circle marketing, and live broadcast auxiliary promotion. Relying on core algorithms to achieve the precise reach of advertising content, it significantly improves exposure, click-through rates, and conversion efficiency.

## **2. AI Overseas Marketing Segment (formerly overseas E-commerce business)**

At the end of 2023, the Group initiated a strategic business adjustment to further define its transformation direction and adopted a technology-driven, asset-light service model. In 2024, the focus was on the self-built E-commerce platform MARTOP as the core transaction negotiation platform. By providing transaction leads and continuously utilizing overseas short video platforms for accurate traffic diversion, the optimization and upgrading of the transaction model were achieved. 2025 is a technical transition period, continuously advancing the expansion and layout of overseas core traffic channels, completing interface docking and resource cooperation implementation with mainstream overseas platforms. Focusing on the self-built E-commerce platform MARTOP as the core transaction negotiation platform, it achieves the upgrade of the transaction model by providing transaction leads and precise traffic diversion from overseas short video platforms. It stopped the asset-heavy trade procurement inventory model for 3C products and shifted to a profitability model based on charging service fees based on transaction volume. This effectively mitigates inventory impairment risks, while expanding platform's SKUs, enriching the product supply chain, and consolidating the market share in Southeast Asia.

**Business Transformation and Platform Upgrade:** Focusing on the core market of Southeast Asia, relying on independently trained AI intelligent marketing Agent and localized user consumption big data, it creates a one-stop AI global overseas intelligent promotion platform, building a lightweight, efficient, and scalable overseas operation system. The platform has deeply integrated with global mainstream traffic platforms such as TikTok, YouTube, Meta, X, and Amazon, as well as local social and content channels in Southeast Asia, forming a full-link marketing ecosystem covering public domain dissemination, social media seeding, topic detonation, traffic receiving, and effect conversion.

**Future Planning:** At the current stage, customer development is still in the initial stage. In 2026 and beyond, relying on the localized data and traffic operation capabilities accumulated by the platform, the key layout will be short drama overseas expansion. At the same time, it will expand the overseas promotion services for high-margin non-3C online products. Leveraging the advantages of AI technology in content output and precise placement, it will provide low-cost, high-adaptation intelligent marketing solutions, and unlock incremental value in the Southeast Asian market.

## **3. Culture Business Segment**

In 2025, the Group fully integrated businesses related to Poly Digi-Entertainment and its original cultural and entertainment content business, establishing a development positioning of "AI empowerment + central SOE resources + diversified scenarios", and discontinuing its previously underperforming traditional film and television drama business. It focuses on core areas such as the investment of presentation shares in short dramas and film and television, AI digital asset authentication, AIGC content production, MCN and artist agency, and culture and tourism integration, achieving strategic upgrading and high-quality development.

**(1) Investment in Short Drama and Film and Television Presentation**

Relying on the culture and entertainment resource advantages of Poly Digi-Entertainment, a mixed-ownership reform company of a central SOE, combined with its own experience accumulated over the years in the short video field, the Group strategically adjusted and upgraded the culture business segment, focusing on the full-chain business of short drama investment and film and television presentation, distribution, and production. As one of the first companies to deploy short video platforms, the Group has completed the shooting of multiple types of short dramas and accumulated rich experience in content production and operation; while Poly Culture, as a professional cultural central SOE, has a strong reserve of IP resources, film and television performing talent resources, and diversified content production capabilities, providing solid support for business development.

In the fourth quarter of 2025, with the establishment of an investment portfolio of the first batch of 4 short dramas, including “No Sacrificing Skirts but Beacon Fire” (《不祭羅裙祭烽火》), “The Reborn Matriarch, Taming the Unruly” (《重生主母，專治不服》), and “Rising the Female Emperor to Power” (《扶女帝上位》), the Group formally entered the high-growth short drama content track. At this stage, however, the business is in the investment cultivation period, and content monetization and revenue release have not yet formed a scale. At the same time, through Poly Film’s full industry chain layout in the film industry, Poly Digi-Entertainment actively explores the presentation, distribution, and production business of film and television works. The Group fully leverages the mechanism advantages to participate in it, creates and enriches its own IP matrix, and forms an exclusive IP Traffic cluster by culture empowering the industry. Previously, it has successively participated in the presentation and production of multiple films such as “You are by my side” (《你就在我身邊》), “Lion Dance Sisters” (《高樁獅妹》), “Operation Macau” (《澳門行動》), “Space Knight” (《太空騎士》), and “Another Day of Hope” (《又是充滿希望的一天》).

## **(2) AI Digital Asset Authentication**

“Poly Digi-Entertainment Chain”, jointly designed and developed by Poly Digi-Entertainment, the Company and JDT, provides underlying blockchain technology support for the issuance of data and digital assets on the “Kong Jian” platform. The Company is responsible for all operations of the platform, including IP (intellectual property) introduction, customer acquisition, platform promotion and other specific businesses.

The “Kong Jian” platform focuses on the fields of film and television, culture, and entertainment, carrying out the issuance and sales business of digital assets such as virtual artworks and digital artworks. Through on-chain authentication, it achieves the capitalized transformation of cultural artworks, cooperative cultural products, and other assets; at the same time, it provides core services such as customer value-added and consumption probing. Relying on copyright protection and digital authentication technologies, it guarantees business compliance with the characteristics of open, transparent, and tamper-resistant data. In the future, the platform will further expand into diversified digital business scenarios such as virtual human and meta-universe, upgrading to a multi-scenario and multi-level integrated digital service platform.

In 2025, it cooperated with the Guizhou Cultural Assets and Equity Exchange to issue the digital assets of the dance drama “Wang Yangming” (《王陽明》), achieving the digital transformation of classic cultural IPs. This explored the external commercial monetization of digital asset business, jointly advanced the data asset value empowerment projects, and provided digital asset services for customers such as local governments.

Furthermore, enabled by the “Poly Digi-Entertainment Chain” technology and backed by a central SOE, the Company has reached in-depth cooperation with Head Collect Digital to provide underlying technical support and evidence storage solutions for Head Collect Digital’s “sports star card” (球星卡) digital collections. The relevant digital collections have been officially launched on the “Head Collect” APP.

In addition, the Company provides data asset and digital asset certification services for various markets and corporate customers. Leveraging the high security and robust authentication features of blockchain technology, the Company offers stable asset authentication services for digital assets, cultural assets and industry data, meeting the market’s core demand for data value recognition.

At the end of 2024, Poly Digi-Entertainment completed its first inclusion of data assets into financial statements, the first ever in relation to a state-owned cultural central enterprise. It has also entered into a strategic cooperation agreement with Shenzhen Cultural Assets and Equity Exchange to jointly promote data asset value empowerment projects.

### **(3) AIGC Content Production**

Based on its own data algorithm capability and the high-quality digital original contents and IP resources of Poly Culture Group, it focuses on the research and development and application of AI vertical models in the cultural and entertainment fields, providing full-process AIGC technical services for the presentation, distribution, and production of cultural and entertainment products. Specifically, this includes virtual digital human customization, virtual voice service, graphic output, short video generation, AIGC script creation, pre-production static and dynamic storyboard production, and post-production special effects research and development and other innovative services. It jointly developed a holographic display system with Poly Digi-Entertainment, achieving the integrated application of AIGC technology and holographic display. Combined with self-developed digital humans, it achieves immediate interaction with users, and can be widely used in vertical fields such as digital window displays, the clothing industry, performance live broadcasting, museums, and the exhibition industry, providing scenario-based digital cultural and entertainment solutions.

Poly Digi-Entertainment carried out deep cooperation with the China Science and Technology Museum. On October 1, 2025, it landed a national-level VR (virtual reality) immersive art space, creating three major operating scenarios: the Da Vinci MR (mixed reality) experience space, the Dinosaur VR experience space, and the VR Flying Chair experience space. On January 1, 2026, Poly Digi-Entertainment's national-level VR immersive art space cooperated with the Tianjin Science and Technology Museum was also opened to the public.

During the production of film and television projects, Poly Digi-Entertainment's AIGC technology is adopted to holistically empower the entire workflow from pre-production ideation to post-production refinement, significantly reducing production costs while enhancing efficiency and quality. In 2025, the Group has applied the AIGC technology comprehensively to film and television project production, significantly reducing costs and improving efficiency. The technological breakthrough of Poly Digi-Entertainment's film and television business transforming to short and medium dramas and interactive film games has laid a robust foundation for expanding the Group's footprint in the short-to-medium series market.

Currently, it has reached a cooperation agreement with ByteDance to jointly develop a high-quality short drama project adapted from the Tomato Novel IP "No Sacrificing Skirts but Beacon Fire". At the same time, the film and game linkage project "I Can't Beat Those Beautiful Girls" (《我打不過漂亮的她們》) presented by Poly Digi-Entertainment was officially launched in November 2025.

#### **(4) MCN (Multi-Channel Network) and Artist Agency**

Relying on the central SOE background advantages of Poly Digi-Entertainment and Poly Culture's deep accumulation in the film and television industry for more than 20 years, the Group integrates the resources of both parties to create a collaborative business system of "content operation + artist incubation", covering the two core segments of MCN operations and artist agency.

In terms of MCN business, it established the national-leading central SOE MCN's national team, focusing on contracting positive energy talents who conform to the ideology prevailing in the country and make outstanding contributions to the society, such as short track speed skating champion Wu Dajing and badminton world champion Liang Weikeng. Based on the in-depth research on the interest-based algorithm recommendation mechanism of short video platforms, the Company creates novel content suitable for its talents and forms exclusive character tags, and then forms a content matrix through linkage among multiple accounts. The interdependent model has been realized where the "MCN organization provides a traffic pool for its talents + the talents help the MCN organization realize commercialization", continuously expanding industry influence and core competitiveness.

In terms of artist agency business, leveraging a wealth of film, television, variety shows, media, and brand customer resources, the Group provides comprehensive career planning and development support for contracted artists. In 2025, the Group successfully contracted badminton world champion Liang Weikeng. Through professional commercial agents and executive agents teams, combined with factors such as artists' market positioning and image characteristics, the Group selects suitable contracted artists for its clients. At the same time, it connects diversified cooperation opportunities such as film and television shooting, commercial activities, and media promotion for artists. They have participated in the shooting of multiple film and television projects such as "My Childhood Sweetheart Boss Is So Annoying" (《竹馬老闆太欠揍》), "Break Free" (《脫困》), "Emotional Anti-Fraud Simulator" (《情感反詐模擬器》), "Mambo Romance" (《曼波奇緣》), "Tales of the Haunted House" (《幽宅奇譚》), "An Empire for Betrothal" (《江山為聘》), "Tales from the Mountain Village" (《山村怪談》), "Romance of Theatrical Dreams" (《戲夢情緣》), "I Just Wanna Love You" (《偏要愛你》), "Autumn Leaves Fall Silently" (《秋葉落無聲》), and "Await You Quietly" (《窈窕有期》), as well as Sohu Fashion Awards, Beijing Fashion Week, Tencent Video variety show "She Is Next in Line" (《下一順位是她》), Migu Video variety show "A Record of Chinese Elegance & Splendor" (《國風芳華錄》), CCTV-8 variety show "The Drama is Good" (《劇說很好看》), iQIYI "Youth Periplous" (《青春環遊記》), commentator for the 3rd National Badminton Finals, commentator for the China Badminton Masters, guest for the Asia Badminton Elite Tour, 2025 Weibo E-sports Night, 2025 Tianwang Cup International Badminton Open, 2025 Sports Glory Night, Extraordinary Chinese Beauty – Wanning Station Promotion, Douyin Guangdong Travel Players – Please Come to Guangdong to Celebrate the New Year, and other large-scale events, helping artists' career development and commercial value enhancement.

## **(5) Culture and Tourism Integration**

Based on Poly Culture’s rich government and central SOE resources and the Company’s leading new media digital marketing capabilities, the culture and entertainment technology business leverages the strengths of both parties to provide online new media operation, E-commerce assistance, city image promotion and other marketing services for governments, central SOEs and private enterprises, aiming to combine traditional publicity contents with digital marketing to improve publicity penetration and broaden social influence. Currently, the Group has expanded a series of central SOEs and government brand customers. The Group undertook the production of the documentary “Business World of Zhaotong Merchants” (《昭商天下》) about entrepreneurs in Zhaotong, Yunnan, the warning film “Gloves” (《手套》) for Poly International, etc.

Poly Digi-Entertainment expands the culture and tourism business based on its own government relations, cultural resources, film and television production, and technology-empowered cultural and tourism capabilities, and publicity and marketing capabilities. It primarily focuses on local culture and tourism publicity and promotion services, activity undertaking services, culture and tourism planning and operations, etc. In 2025, it provided preliminary culture and tourism planning services for Yuci Old City in Shanxi, and presented the Zhanhuang culture and tourism promotional micro-short drama project “Borrowing a Hundred Days to Love You” (《借一百天來愛你》), which was launched and became a hit, boosting local culture and tourism publicity in the innovative short drama format.

At the same time, it successfully landed the digital check-in wall project at the Shushi Silver Culture Museum in Ludian County, Zhaotong City, Yunnan Province. By customizing 4 sets of historical digital humans of Shushi Silver, and deploying an all-in-one holographic cabin machine, it created a local culture and tourism internet-famous check-in spot exploring the cultural roots of the “Millennium Silver Capital”. The innovative culture and tourism assistance model of “Central SOE + Local” assists rural revitalization.

## **II. THE INDUSTRY WHERE WE OPERATE**

### **1. AI Global Marketing Track: Technology Reshapes the Industry Ecosystem**

The comprehensive AI transformation of mainstream traffic platforms drives the industry to usher in structural changes. The label system is upgraded from “static” to “dynamic + multi-modal”, and the placement logic shifts to “AI global collaboration”. Data compliance and precise matching become the core competitiveness. The AI marketing field deeply cultivated by the Group is becoming the key hub connecting customer needs and platform traffic, especially the explosion of marketing demands in emerging tracks such as short dramas and trendy toys, which provides a broad market space for enterprises with AI algorithm adaptation capabilities and full-link service capabilities. At the same time, the deep integration of AI technology and marketing scenarios spawns new service formats such as AIGC creative generation and dynamic bidding optimization, and the industry enters a high-quality development stage of “technology empowering efficiency”.

## **2. Asset-Light Overseas Track: Southeast Asian Market Potential Unleashed**

With its young demographic structure, high Internet penetration rate, consumption upgrade trends, and the benefits from the Regional Comprehensive Economic Partnership (RCEP), the Southeast Asian region has become the core growth pole of global cross-border E-commerce and digital services. As the commercialization process of overseas short video platforms accelerates, the ecological closed loop of “content + traffic + transaction” is gradually forming, and the asset-light, technology-driven overseas service model is more competitive. The industry focus has shifted from the traditional asset-heavy trade to precise traffic operations, localized content adaptation, and high-margin category promotion, perfectly aligning with the transformation direction of the Group’s AI overseas marketing, providing fertile market soil for businesses such as short drama overseas expansion and non-3C online category promotion.

## **3. Cultural Digitalization Track: Dual-Wheel Drive of Policy and Technology**

Under the guidance of the national digital construction policy for the cultural industry, the integration of culture and technology has become the core trend of the industry. Fields such as the inclusion of data assets into financial statements, blockchain authentication, and AIGC content production usher in a rapid development period. As an emerging cultural content format, short dramas continue to experience high-speed market growth with the advantages of short production cycles, high monetization efficiency, and large user bases. With the support of central SOE resources and technological innovation, segmented areas such as digital assets, culture and tourism integration, and MCN demonstrate remarkable characteristics of compliant and scale development. The industry as a whole is shifting from “content supply” to “in-depth value cultivation”, creating a favorable policy environment and market opportunities for the diversified layout of the Group’s culture business.

### **III. CONCEPT SEGMENTS WHERE WE OPERATE**

#### **1. Web3.0 and Digital Assets Segment**

Relying on the Web3.0 business layout of Poly Digi-Entertainment, the Group actively launches the middle platform operation, IP incubation, and digital asset issuance business of the “Kong Jian” platform, relying on the central SOE’s own blockchain “Poly Digi-Entertainment Chain”. Web3.0 is committed to creating a user-led and decentralized network ecosystem based on blockchain technology. Digital assets serve as its core value factor. In the current era where AI generates a large amount of AIGC content, data sources and digital assets themselves have become scarce resources, and their value continues to grow.

Based on copyright protection technology and digital authentication technology, the Group distributes digital assets in the fields of film and television, culture, and entertainment to users in an open, transparent, and immutable form, and has successfully completed the first successful case of the inclusion of data assets of a cultural central SOE into financial statements. As the domestic policy for the inclusion of data assets continues to advance, the demand for value confirmation of enterprise operational data, cultural data, and digital content is growing rapidly. The strong security and strong endorsement advantages of the central SOE's own blockchain will be further highlighted, providing solid support for the continuous expansion of this segment's business.

## **2. Film and Television Entertainment Segment**

Relying on the central SOE film and television resource advantages of Poly Digi-Entertainment, the Group actively carries out the presentation, distribution, and production business of film and television entertainment products, and advances the IP incubation and agency business of artists and Internet celebrities. Leveraging AIGC technology to fully empower the entire film and television production process, it achieves cost reduction and efficiency enhancement from early creative planning to post-production special effects, supporting the film and television business to transform and upgrade to emerging content formats such as short and medium dramas and interactive film games.

The short drama track has prominent characteristics of short production cycles, fast distribution speeds, and relatively fragmented competition patterns, with high-speed market growth and broad development potential. The Group has completed the shooting of multiple types of short dramas, and completed the investment layout of the first batch of 4 short dramas in the fourth quarter of 2025; the film and game linkage project "I Can't Beat Those Beautiful Girls" was officially launched in November 2025. Film and television cultural and entertainment contents continuously attract a large amount of user traffic on mobile Internet platforms. There is huge potential in business areas such as promotion and distribution, commercial monetization, and film and game linkage. The Group will continue to deeply cultivate this track, build a proprietary IP traffic matrix, and enhance content monetization capabilities.

## **3. Short Video and Short Play Concept Segment**

Short video has become the dominant form of information dissemination. Domestic and overseas mainstream short video platforms are the main traffic channels for the Group's core businesses such as algorithm marketing and overseas e-commerce. As the online time of mobile Internet users continues to increase, the traffic aggregation effect of short video platforms continues to be prominent, providing a broad market space for algorithm marketing, e-commerce traffic generation, and overseas business expansion.

In terms of the short drama track, the market size of Internet short dramas reached RMB50.5 billion in 2024, growing 136 times in four years, and is expected to reach RMB63.4 billion in 2025, with a user scale of 696 million, accounting for more than 60% of the country's netizens (Source: 2025 Observation Report on Short Play Industry published by Qixin.com, December 2025). The Group has deeply cultivated the short video field for many years, completed the shooting of multiple types of short dramas, and accumulated rich experience. Affected by the continuous tightening of regulatory approval for game licenses and paid literature, the Company's traditional interactive entertainment marketing customer track is under pressure. The Company has listed the short drama business as a core growth area for key layout, relying on AIGC technology to empower the entire production and distribution process of short dramas. Uniting with high-quality partners such as Yingyi Vision, Poly-affiliated film and television companies, and Star Entertainment, it explores a scalable and efficient AI-driven film and television content distribution system, aiming to build an industry-leading AI film and television distributor.

#### **IV. OUR STRENGTHS**

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

The Group has deeply cultivated algorithms and AI technology for more than ten years, forming complete technical capabilities from data label systems and vertical model training to full-link services. Facing the platform AI upgrade and transformation, it took the lead in completing the adaptation and transformation of the proprietary platform, building a dynamic + multi-modal label system and AI global collaborative placement capabilities, achieving technical synchronization with top platforms such as Douyin and WeChat. The deep application of AIGC technology in scenarios such as short drama production, creative content generation, and precision marketing forms a significant cost reduction and efficiency enhancement advantage, and technical strength has become the core support for business stability and incremental breakthroughs.

##### **2. Resource Advantages of Central SOE Synergy and Compliant Operation**

Through the establishment of a mixed-ownership reform company with Poly Culture Group, the Group not only gained the high-quality IP resources, industrial integration capabilities, and policy endorsements of the cultural central SOE, but also took the lead in achieving the breakthrough outcome of the inclusion of data assets of a cultural central SOE into financial statements, establishing a first-mover advantage in areas such as digital asset authentication and compliant operations. Relying on the central enterprise's own blockchain technology, the Group forms differentiated competitiveness in data security and compliance filings, providing a solid foundation for expanding state-owned and central enterprise customers and laying out sensitive cultural digital businesses, effectively mitigating policy and compliance risks.

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

The Group built a collaborative ecosystem of “AI Marketing + AI Overseas Marketing + Culture Business”. The three major segments share AI technology, customer resources, and traffic channels, forming a closed growth loop of “Domestic Increments + Overseas Expansion + Cultural Empowerment”. At the same time, the overseas business comprehensively shifted from an asset-heavy 3C trade to an asset-light technology service model. The AI marketing segment focuses on high-margin emerging tracks, and the culture business relies on central enterprise resources for lightweight operations. The overall business structure is healthier, effectively circumventing risks such as inventory impairment and fund occupation, enhancing anti-cyclical capabilities and earning quality.

### **4. Growth Advantages of Track Layout and Customer Structure**

The Group precisely grasps industry trends and lays out early in high-growth tracks such as short drama distribution, trendy toy marketing, short drama overseas expansion, and digital assets, forming a complementarity with traditional businesses. The customer structure realizes a diversified pattern of “maintaining traditional existing customers + breaking through new incremental customers + expanding SOE and central SOE customers”, which not only guarantees the stability of the business fundamentals but also opens up incremental space. In particular, deep cooperation with high-quality partners such as the Poly-affiliated companies, Yingyi Vision, and Head Collect Digital provides ample impetus for the scalable expansion of the business.

### **5. Technical Advantages of Forward-looking GEO Deployment**

Different from the industry’s general focus on AIGC content production, GEO represents the core competition for traffic entry points in the AI era. Through its proprietary technical framework, the Group can effectively optimise the weight and credibility of customers’ content in AI-generated results, assisting customers in securing dominant traffic positions in the AI dialogue era. Together with AIGC technology, it forms a dual-core technological barrier, further extended into a triple barrier of “AI Marketing + AIGC + GEO” which is difficult for peers to replicate, providing unique competitive advantages for incremental businesses including short dramas, trendy toys and brand marketing.

## MANAGEMENT DISCUSSION AND ANALYSIS

- **Overview of Results for the Year**

### **AI Marketing Business (formerly domestic algorithm-based marketing business)**

This segment is the core business segment of the Group in 2025, covering the two original existing businesses of marketing agency and advertising top-up agency, as well as the two emerging track businesses of short drama distribution and trendy toy precision marketing. Affected by the AI transformation of the industry, the Company initiated a comprehensive AI upgrade and transformation of the proprietary platform in the second half of 2024. Revenue across all businesses experienced a phased adjustment during the transition period, and it is expected to fully recover and continue to expand after the upgrade is completed.

- ***Marketing Agency and Advertising Top-up Agency (formerly interactive entertainment and digital products performance-based marketing)***

In 2025, the Group recorded revenue of HK\$1.88 million from marketing agency and advertising top-up agency (formerly interactive entertainment and digital product performance-based marketing services), representing a decrease of 96.70% compared to HK\$56.93 million in the same period last year. The decline in revenue is primarily due to: influenced by industry algorithm changes, the space for pure performance-based marketing services narrowed. The Company adapted to industry changes, and relying on the long-term stable cooperative relationships established with mainstream platforms such as Douyin and Tencent, it adjusted the core of the algorithm marketing business to the advertising top-up agency service, providing traditional existing customers with advertising account top-ups and supporting basic operation services. This model maintains cooperation stickiness with existing customers in an asset-light manner while optimizing cash flow management and stabilizing the business fundamentals.

- ***Short Drama Distribution (Emerging Track)***

Short drama distribution is the key incremental core business expanded by the Group. The market size of Internet short dramas reached RMB50.5 billion in 2024, growing 136 times in four years, and is expected to reach RMB63.4 billion in 2025 (source: 2025 Observation Report on Short Play Industry published by Qixin.com, December 2025). Facing brand new customer groups such as short drama production institutions, the Company leverages AI technology capabilities to carry out AIGC/live-action drama distribution and short drama platform traffic placement services. Currently, it has reached cooperation intentions or signed agreements with the Poly-affiliated film and television production companies, Yingyi Vision, TEAMMI under Taimei Toys Group, and a well-known South Korean IP animation company Star Entertainment, jointly producing AIGC simulated, 3D animated, and live-action short and medium dramas, conducting distribution and promotion through platforms such as Douyin, and recognizing revenue based on real-time placement effects.

- ***Precision Marketing for Trendy Toy (Emerging Track)***

Trendy toy precision marketing is an AI-driven precision marketing service created for brand new customer groups in the trendy toy industry. The market size of the trendy toy track grew by 58.3% year-on-year in 2024, short video marketing-related demands grew by 127%, and Generation Z consumption accounted for more than 70% (Source: 2024 Consumer Trends Report on Trendy Toy Industry in China published by iResearch, April 2025). The Company focuses on the consumption preferences of Generation Z, and through AI user portrait analysis, dynamic multi-modal label matching, and customized AIGC content generation, it provides trendy toy customers with new product promotion, precise traffic placement, circle marketing, and live broadcast auxiliary promotion services. Since the second quarter of 2025, it has been connected to the marketing middle platform of “Head Collect” (China’s largest trendy toy sales platform), laying the foundation for customer data accumulation for the Company’s AIGC marketing.

### **AI Overseas Marketing Business (formerly overseas E-commerce business)**

This segment is the core operational segment of the Group’s overseas business after strategic transformation. Since the initiation of the transformation at the end of 2023, the Group has completely stopped the original asset-heavy trade procurement inventory model primarily focused on 3C electronic consumer products, and firmly shifted to a technology-oriented, asset-light AI precision marketing service model. Focusing on the core market of Southeast Asia, relying on the self-built E-commerce platform MARTOP and independently trained AI intelligent marketing Agent, it builds a lightweight and highly efficient new overseas operation system.

In 2025, the Group recorded revenue of HK\$3.38 million from AI overseas marketing business, representing a decrease of 89.70% compared to HK\$32.80 million in 2024. The decrease in revenue is primarily due to the adaptation phase of the business model transformation — in 2025, the Company continued to test the new matchmaking transaction model. Compared with the asset-heavy model, the Company no longer bears the responsibilities of product buyout, inventory management, and cross-border logistics under the asset-light model, effectively circumventing operational risks such as inventory impairment, and fully leveraging the Company’s core advantages in AI algorithm marketing. Under the new operating model, the Company charges commissions and service fees from suppliers and distributors.

In terms of traffic platform layout, the Group has deeply integrated with global mainstream traffic platforms such as TikTok, YouTube, Meta, X, and Amazon, as well as local mainstream social, content, and traffic platforms in Southeast Asia. It has formed a full-link marketing ecosystem covering public domain dissemination, social media seeding, topic detonation, traffic receiving, and effect conversion, providing precise traffic marketing services between suppliers and distributors, and charging service fees based on the transaction volume. During the business model transformation period, the Group continuously invested in the technical iteration of the MARTOP platform, the enhancement of traffic operation capabilities, and the expansion of resources on both the supply and demand sides.

Looking ahead, the core development direction of this segment is the short drama overseas expansion business. Relying on the content resources and AI production capabilities accumulated in domestic short drama distribution, it expands the promotion and distribution of short dramas in the Southeast Asian market; at the same time, it actively deploys overseas promotion services for high-margin non-3C online categories. Leveraging the advantages of self-developed AI technology in content output and precise placement, it continuously excavates the incremental value of the Southeast Asian market.

## Culture Business

In 2025, relying on the central enterprise cultural and entertainment resource advantages of Poly Digi-Entertainment, this segment completed strategic adjustments and upgrades, discontinuing its previously underperforming traditional film and television drama-related businesses, and focused on carrying out the investment business of presentation shares in short dramas and film and television. At the same time, it advanced the diversified development of core areas such as digital assets, AIGC applications, culture and tourism integration, MCN, and artist agency. In the fourth quarter of 2025, the Group completed the investment layout of the first batch of 4 short dramas, cutting into the high-growth short drama content track. At this stage, the business is still in the investment cultivation period, and content monetization and revenue release have not yet formed a scale.

In terms of AIGC technology empowerment, the Group deeply cooperated with Poly Digi-Entertainment to comprehensively apply AIGC technology to the entire process of film and television content production, achieving full-round empowerment from early creative planning to post-production, significantly reducing production costs and improving efficiency and quality. Poly Digi-Entertainment's film and television business has transformed to emerging content formats such as short and medium dramas and interactive film games. The film and game linkage project "I Can't Beat Those Beautiful Girls" was officially launched in November 2025.

In terms of digital asset business, the "Kong Jian" platform continued steady operations. Relying on the central enterprise's own blockchain "Poly Digi-Entertainment Chain", it issues digital assets in the fields of film and television, culture, and entertainment for users, and successfully completed the first successful case of the inclusion of data assets of a state-owned cultural central enterprise into financial statements. The "sport star card" digital collection launched in cooperation with Poly Digi-Entertainment and Head Collect Digital has been officially launched in the "Head Collect" APP, and data evidence storage and digital asset authentication services continue to advance.

In terms of digital marketing and culture and tourism business, this segment provides new media operations and city image promotion services for governments, central and state-owned enterprises, and private enterprises. It has expanded to central enterprise brand customers such as China State Construction and Poly Group. And in 2025, it provided preliminary culture and tourism planning services for Yuci Old City in Shanxi, presented the culture and tourism promotional micro-short drama project "Borrowing a Hundred Days to Love You" for Zhanhuang, Hebei and delivered the digital check-in wall project for the Shushi Silver Culture Museum in Ludian County, Zhaotong, Yunnan.

In terms of MCN and artist agency, the Group's central enterprise MCN continues to expand, and the matrix of contracted athlete talents has been further enlarged. In 2025, it newly contracted badminton world champion Liang Weikeng. The affiliated artists actively participated in the shooting of multiple film and television projects and important media promotion activities.

- **Progress on R&D**

In 2025, the Group's R&D investment primarily consisted of R&D team human costs and AI technology R&D-related expenditures. In 2026, the Group will increase the R&D-related expenditures covering the data procurement fees required for AI model training and TOKEN consumption fees. The R&D direction focused on the following three core areas:

- 1. Proprietary Platform AI Upgrade and Algorithm Iteration**

In response to the comprehensive AI transformation of mainstream traffic platforms, the Group completed the overall AI upgrade and transformation of the proprietary precision marketing platform. The core includes: adopting the "open-source base + vertical model training" route, based on open-source large models such as Llama 3 and Qwen, combined with years of accumulated proprietary placement data to train marketing vertical small models; upgrading the data label system from static single-dimensional labels to dynamic multi-modal labels, expanding the number of labels from thousands to tens of thousands, and increasing the update frequency from daily to real-time/hourly; deeply docking with the AI interfaces of platforms such as Douyin Ocean Engine and WeChat Advertising, adapting to the new requirements of AI global collaborative placement, ensuring that the placement effect returns to the optimal AI range of the platform.

- 2. AIGC Short Drama Content Production Capability Construction**

The Group jointly built an AI full-process content production workflow with Yingyi Vision, advancing the implementation and application of AIGC in the entire short drama production process. This covers core functions such as AI script generation, text-to-image, image-to-video, AI-assisted short drama generation, and post-production special effects. At the same time, it developed AI human-simulation technology that integrates images, sounds, and real-time interaction, significantly reducing content production costs and providing technical guarantees for the scalable expansion of the short drama distribution business.

- 3. Overseas Traffic Matching Model Optimization**

Targeting overseas short video platforms in Southeast Asia, the Group continuously optimized the traffic placement model. Through deep multidimensional analysis of the target group's gender, age, region, interests, etc., it built a dynamic label matching system. Combining popularity trends and seasonal factors for secondary modeling, it precisely generated placement strategies, improving the efficiency of overseas business traffic acquisition and conversion rates.

The R&D investment rhythm follows the principle of high upfront investment and year-by-year reduction. After each core model matures, the R&D focus will gradually shift to dynamic optimization on the business side, continuously iterating models during the business execution process to ensure the rationality and high efficiency of R&D investments.

- **Business Development for 2026**

- a. AI Marketing Segment: Complete Upgrade, Achieve Scalable Revenue*

In 2026, the Group's AI marketing segment plans to become the core growth engine. After the completion of the platform AI upgrade and transformation for the original businesses of marketing agency and agency top-up of advertising, it will fully resume serving traditional existing customers. The new track businesses of short drama distribution and trendy toy precision marketing will continue to expand, focusing deeply on the two emerging customer groups of Internet short drama production companies and trendy toy platforms. Relying on the marketing middle platform advantages that have connected to core customers such as Head Collect, Poly Digi-Entertainment, and Yingyi Vision, it will rapidly expand customer coverage, driving the AI marketing business revenue to recover as soon as possible to the level at the time of listing.

- b. Actively Expand AIGC Short Drama Distribution Business*

In 2026 and beyond, the Group plans to focus on the AIGC-driven film and television content field. Relying on top platforms such as Douyin and Hongguo, it will jointly build an AI full-process content production workflow with Yingyi Vision, realizing full-process solutions for AI short dramas, AI animations, and film and television special effects production, aiming to build an industry-leading AI film and television distributor.

Quarterly progress: Q1 complete the construction of the AI production pipeline, reserve 10 to 15 pieces of content, and complete compliance filings; Q2 achieve the launch of the first batch of content and revenue breakthroughs; Q3 achieve the AIGC cost-reduction effect and scalable traffic placement to improve gross margin; Q4 launch the derivatives business and achieve the annual performance target.

**c. *AI Overseas Marketing Segment: Focus on Short Drama Overseas Expansion, Expand High-Margin Categories***

Relying on the MARTOP platform and the established traffic ecosystems of global mainstream platforms such as TikTok, YouTube, Meta, X, and Amazon, based on the content resources and AI production capabilities accumulated in domestic short drama distribution, it will heavily lay out the short drama overseas expansion business. At the same time, it will actively seek high-margin non-3C online categories for expansion, driving the overseas business to transform from the transition period to profitable growth.

**d. *Culture Business Segment: Short Drama Investment Cultivation, Deepen Central SOE Cooperation***

It will continuously advance the content monetization of the first batch of 4 invested short dramas, expanding the investment scale of presentation shares in short dramas and film and television. Leveraging the central enterprise resources of Poly Digi-Entertainment, it will advance the commercial monetization of digital assets, Web3.0 infrastructure construction, and the development of state-owned and central enterprise customers to explore new profit growth points.

**e. *Full-domain Operation and Management Upgrade Solution Centred on the Open Claw Agent***

The Group will fully benchmark the intelligent transformation experience of industry-leading companies. With the Open Claw agent as its technological core and digital foundation, it will implement a systematic upgrade covering the full business chain, all operational processes and all management dimensions to build a new-generation intelligent operation and management system that is technologically leading, autonomously collaborative, efficient and lean.

- **Financial Review**

***Revenue***

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

	For the years ended December 31,			
	2025	Percentage	2024	Percentage
	<i>(HK\$ million, except for percentages)</i>			
Revenue from marketing agency and advertising top-up agency (formerly interactive entertainment and digital products marketing)	1.88	16.10%	56.93	50.24%
Revenue from domestic E-commerce products marketing	-	-	20.88	18.43%
Revenue from AI overseas marketing (formerly sales of overseas E-commerce goods)	3.38	28.94%	32.80	28.95%
Revenue from culture business	5.56	47.60%	2.50	2.21%
Revenue from other businesses	0.86	7.36%	0.20	0.17%
<b>Total revenue</b>	<b>11.68</b>	<b>100.00%</b>	<b>113.31</b>	<b>100.00%</b>

The Group's revenue decreased by 89.69% from HK\$113.31 million in 2024 to HK\$11.68 million in 2025. The decrease was mainly due to (i) 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, the self-built e-commerce platform, serving as the core transaction negotiation platform by providing sales leads and continuously leveraging precise traffic diversion on overseas short video platforms. In 2025, the Group charged commissions or service fees to suppliers under the new business model; and (ii) the scale of the interactive entertainment and digital product marketing business decreased, with revenue recognized on a net basis.

***Cost of Revenue***

The cost of revenue of the Group was mainly comprised of purchase cost of traffic on project placement platforms, purchase cost of goods and cost of culture business. The cost of revenue decreased by 94.23% from HK\$112.26 million in 2024 to HK\$6.48 million in 2025, which was primarily attributable to the strategy adjustment of the Group's overseas E-commerce business, suspending the purchase of goods, to shift from an asset-heavy model to an asset-light model, resulting in a significant decrease in the cost of revenue.

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

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

	<b>For the years ended</b>	
	<b>December 31,</b>	<b>2024</b>
	<b>2025</b>	
	<i>(HK\$ million)</i>	
<b>Gross profit from marketing agency and advertising top-up agency (formerly interactive entertainment and digital products marketing)</b>	<b>1.88</b>	12.38
<b>Gross profit from domestic E-commerce products marketing</b>	<b>-</b>	3.76
<b>Gross profit from AI overseas marketing (formerly sales of overseas E-commerce goods)</b>	<b>3.38</b>	(16.66)
<b>Gross profit from culture business</b>	<b>(0.68)</b>	0.48
<b>Gross profit from other businesses</b>	<b>0.63</b>	1.09
	<hr/>	<hr/>
<b>Total gross profit</b>	<b>5.21</b>	<b>1.05</b>
	<hr/> <hr/>	<hr/> <hr/>

The Group achieved a gross profit of HK\$5.21 million in 2025, representing an increase of 396.19% compared to HK\$1.05 million in 2024. For the year ended December 31, 2025, the gross profit margin of the Group was 44.61%, representing an increase of 43.68% compared to 0.93% for the year ended December 31, 2024. The significant increase in the Group's gross profit and gross profit margin was mainly due to the interactive entertainment and digital product marketing business and the overseas e-commerce business undergoing a business model transition, with revenue recognized on a net basis, impacting the change in gross profit margin.

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

The other gains and losses of the Group changed from losses of HK\$5.43 million in 2024 to losses of HK\$13.78 million in 2025, which was mainly due to (i) net foreign exchange losses of HK\$11.29 million in 2025; and (ii) loss on fair value changes of obligation arising from a forward contract with non-controlling interests of HK\$2.95 million.

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

For the year ended December 31, 2025, the distribution and selling expenses of the Group amounted to approximately HK\$84.43 million, representing a decrease of 90.76% as compared with HK\$913.58 million in 2024, which was mainly attributable to less traffic promotion subsidy to the distributors by the overseas e-commerce business in 2025.

### ***Administrative Expenses***

The administrative expenses of the Group decreased by 34.35% from HK\$88.91 million in 2024 to HK\$58.37 million in 2025, 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 mainly consist of data analysis and algorithm modeling expenditures, especially the establishment and optimization of data models, the development of AI technology model R&D and AI computing power, and the remuneration and benefits expenses of technical personnel related to the development of technology platforms.

R&D expenses of the Group increased by 102.21% from HK\$3.17 million in 2024 to HK\$6.41 million in 2025, which was mainly due to the Group's growing R&D investment in AI technology for its transformation from an algorithm-driven marketing technology company to a vertical AI marketing model and generative technology-driven company.

### ***Finance costs***

For the year ended December 31, 2025, the finance costs of the Group were interest expenses of lease liabilities arising from leasing properties during the Reporting Period. The Group had no bank loans during the Reporting Period.

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

The Group had the balance of trade and other receivables of HK\$348.82 million and HK\$24.73 million as of December 31, 2024 and December 31, 2025, respectively.

As at December 31, 2025, the balance of trade receivables of the Group amounted to HK\$2.44 million, representing a decrease of 95.95% compared to HK\$60.29 million as of December 31, 2024, which was mainly attributable to (i) lower business revenue in 2025; and (ii) collection and impairment of trade receivables from prior years, resulting in a corresponding reduction in trade receivables.

Other receivables 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, 2024 and December 31, 2025, the balance of other receivables amounted to HK\$288.53 million and HK\$22.29 million, respectively, which was mainly attributable to the offsetting of deposits for overseas E-commerce business against payables for overseas traffic purchases in 2025.

### ***Prepayments***

The Group's prepayments primarily include prepayments for purchases of traffic, prepayments for consulting services, and other prepayments.

The Group had the balance of prepayments of HK\$108.38 million and HK\$54.04 million as of December 31, 2024 and December 31, 2025, respectively. The decrease in balance was mainly due to (i) the consumption of part of the Group's traffic payment in 2025; and (ii) the Group and its traffic supplier entered into a debt settlement agreement, pursuant to which the prepayments to the traffic supplier were offset against the payables to the traffic supplier.

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

The Group had bank balances and cash/bank deposits/restricted bank balances of approximately HK\$272.35 million and HK\$188.29 million as of December 31, 2024 and December 31, 2025, respectively. The decrease in balances was mainly due to the Group's business purchases and daily operating expenses.

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

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

The Group's trade payables decreased by 99.50% from HK\$297.45 million as at 31 December 2024 to HK\$1.50 million as at 31 December 2025, mainly due to the offsetting of the Group's prepayment for traffic purchases and deposits for overseas E-commerce business against payables for overseas traffic purchases in 2025.

The balance of the Group's other payables increased by 1.48% from HK\$23.68 million as at 31 December 2024 to HK\$24.03 million as at 31 December 2025.

### ***Lease Liabilities***

The Group's lease liabilities decreased by 65.49% from HK\$22.17 million as at 31 December 2024 to HK\$7.65 million as at 31 December 2025, which was mainly attributable to the reduction in property leases.

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

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

	<b>As of December 31 or for the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<i>HK\$ million</i>	
Net cash used in operating activities	<b>(65.46)</b>	(54.54)
Net cash from (used in) investing activities	<b>8.09</b>	(10.46)
Net cash from (used in) financing activities	<b>34.48</b>	(18.46)
Net decrease in cash and cash equivalents	<b>(22.89)</b>	(83.46)
Cash and cash equivalents at beginning of the year	<b>212.88</b>	325.97
Effect of foreign exchange rate changes	<b>(1.70)</b>	(29.63)
Cash and cash equivalents at end of the year, represented by bank balances and cash	<b><u>188.29</u></b>	<b><u>212.88</u></b>

As of December 31, 2024 and as of December 31, 2025, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

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

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

For the year ended December 31, 2025, the net cash used in operating activities was HK\$65.46 million (for the year ended December 31, 2024: HK\$54.54 million), which was mainly due to the increase in trade and other payables.

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

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

For the year ended December 31, 2025, the net cash from investing activities was HK\$8.09 million (for the year ended December 31, 2024: net cash used in investing activities of HK\$10.46 million), which was primarily attributable to redemption of time deposits.

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

For the year ended December 31, 2025, the net cash from financing activities was HK\$34.48 million (for the year ended December 31, 2024: net cash used in financing activities of HK\$18.46 million), which was primarily due to the release of restricted bank balances.

### ***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 the net capital expenditures for the periods indicated:

	<b>As of December 31 or for the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<i>HK\$ million</i>	
Fixed assets	<u>14.24</u>	<u>0.28</u>
Total	<u><u>14.24</u></u>	<u><u>0.28</u></u>

### ***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, associates, or joint ventures.

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

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus and the section headed “Use of Proceeds from Listing” in this announcement, the Group does not have any other plans for material investments or capital assets.

### ***Indebtedness***

#### ***Bank Borrowings***

As of December 31, 2024 and December 31, 2025, the Group did not have any bank borrowings.

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

### ***Contingent Liabilities***

As of December 31, 2024 and December 31, 2025, 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, it expected would materially adversely affect the business, financial position or results of operations.

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

As of December 31, 2024 and December 31, 2025, 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, 2025, the gearing ratio of the Group was 25.00% (as of December 31, 2024: 49.02%).

### ***Current Ratio***

Current ratio represents current assets divided by current liabilities. The current ratio of the Group increased from 1.86 times as of December 31, 2024 to 3.13 times as of December 31, 2025.

### ***Treasury Policy***

The Group adopts a prudent financial management approach for the treasury policy to ensure that the liquidity structure is able to always meet the capital requirements.

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

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Several subsidiaries of the Company have foreign currency sales and purchases, bank balances, trade and other receivables 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, 2025, the Group had 50 full-time employees, the majority of whom were based in China. As of December 31, 2025, over 58% of the employees were engaged in 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 enjoy various holidays, such as public holidays, paid annual leave, sick leave, wedding leave, maternity leave, etc., provides employees with employee accident insurance, reimbursement of transportation expenses for overtime and other benefits and safeguard measures, and organizes team building activities quarterly and physical examinations annually for employees.

The Group recruits personnel through professional search firms and recruiting websites. The Group has established effective employee incentive schemes to correlate the remuneration of employees with their overall performance, and has established a performance-based remuneration awards system. Employees are not solely promoted based on position and seniority. On June 21, 2021, the Group has adopted the Share Award Scheme to recognize the contributions of certain directors, employees, consultants and advisers of the Group in order to incentivize them to remain 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 hired. We also customize in accordance to the needs of the employees in different departments, and provide regular and professional training both online and offline.

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

*FOR THE YEAR ENDED 31 DECEMBER 2025*

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Revenue	4	<b>11,684</b>	113,313
Cost of revenue		<u><b>(6,478)</b></u>	<u>(112,264)</u>
Gross profit		<b>5,206</b>	1,049
Other income		<b>6,048</b>	8,624
Other gains and losses	6	<b>(13,780)</b>	(5,432)
Impairment losses under expected credit loss model, net of reversal	7	<b>(14,402)</b>	(106,053)
Distribution and selling expenses		<b>(84,430)</b>	(913,583)
Administrative expenses		<b>(58,367)</b>	(88,907)
Research and development expenses		<b>(6,408)</b>	(3,169)
Share of results of associates		<b>1,049</b>	1,442
Finance costs		<u><b>(711)</b></u>	<u>(1,222)</u>
Loss before tax	8	<b>(165,795)</b>	(1,107,251)
Income tax expense	9	<u><b>(12)</b></u>	<u>(70)</u>
Loss for the year		<u><b>(165,807)</b></u>	<u>(1,107,321)</u>
Loss for the year attributable to:			
Owners of the Company		<b>(161,917)</b>	(1,068,481)
Non-controlling interests		<u><b>(3,890)</b></u>	<u>(38,840)</u>
		<u><b>(165,807)</b></u>	<u>(1,107,321)</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Other comprehensive income (expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		<b>8,574</b>	(16,976)
Fair value loss on equity instruments at fair value through other comprehensive income		<b>(2,289)</b>	(10,604)
Income tax relating to item that will not be reclassified to profit or loss		<u>–</u>	<u>127</u>
		<b>6,285</b>	<u>(27,453)</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>5,929</u>	<u>(24,915)</u>
Other comprehensive income (expense) for the year, net of income tax		<u>12,214</u>	<u>(52,368)</u>
Total comprehensive expense for the year		<b><u>(153,593)</u></b>	<b><u>(1,159,689)</u></b>
Total comprehensive expense for the year attributable to:			
Owners of the Company		<b>(151,681)</b>	(1,119,518)
Non-controlling interests		<b>(1,912)</b>	(40,171)
		<b><u>(153,593)</u></b>	<b><u>(1,159,689)</u></b>
Basic loss per share (HK cents)	<i>10</i>	<b><u>(6.83)</u></b>	<u>(45.05)</u>
Diluted loss per share (HK cents)	<i>10</i>	<b><u>(6.83)</u></b>	<u>(45.05)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2025*

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>25,821</b>	26,079
Right-of-use assets		<b>5,262</b>	16,534
Intangible assets		<b>399</b>	789
Interests in associates	<i>12</i>	<b>39,181</b>	37,178
Rental deposits	<i>13</i>	<b>1,674</b>	2,163
Financial assets at fair value through profit or loss		<b>8,865</b>	9,832
Equity instruments at fair value through other comprehensive income		<b>–</b>	2,264
		<b>81,202</b>	94,839
<b>CURRENT ASSETS</b>			
Trade and other receivables	<i>13</i>	<b>23,052</b>	346,655
Loan receivables		<b>6,627</b>	–
Prepayments	<i>14</i>	<b>54,038</b>	108,384
Financial assets at fair value through profit or loss		<b>1,147</b>	–
Restricted bank balances		<b>–</b>	41,951
Bank deposits		<b>–</b>	17,525
Cash and cash equivalents		<b>188,287</b>	212,876
		<b>273,151</b>	727,391
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>15</i>	<b>25,528</b>	321,133
Lease liabilities		<b>6,265</b>	9,663
Financial liabilities at fair value through profit or loss		<b>54,012</b>	58,800
Income tax payable		<b>1,398</b>	971
		<b>87,203</b>	390,567
<b>NET CURRENT ASSETS</b>		<b>185,948</b>	336,824
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>267,150</b>	431,663

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**  
*AS AT 31 DECEMBER 2025*

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITY</b>			
Lease liabilities		<u>1,386</u>	<u>12,503</u>
		<u>1,386</u>	<u>12,503</u>
<b>NET ASSETS</b>		<b><u>265,764</u></b>	<b><u>419,160</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>16</i>	<b>24</b>	24
Reserves		<u>475,786</u>	<u>502,621</u>
Equity attributable to owners of the Company		<b>475,810</b>	502,645
Non-controlling interests		<u>(210,046)</u>	<u>(83,485)</u>
<b>TOTAL EQUITY</b>		<b><u>265,764</u></b>	<b><u>419,160</u></b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Attributable to owners of the Company											
	Share capital HK\$'000	Treasury stocks HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share-based payments reserve HK\$'000	Fair value through other comprehensive income reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000	Non- controlling interests HK\$'000	Total
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 17(b))	-	-	-	-	-	-	-	-	-	-	2,762	2,762
Vesting of shares of a subsidiary (note 17(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 CHANGES IN EQUITY (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Attributable to owners of the Company											
	Share capital HK\$'000	Treasury stocks HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share-based payments reserve HK\$'000	Fair value through other comprehensive income reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000	Non- controlling interests HK\$'000	Total
At 1 January 2025	24	-	2,267,925	37,325	-	(12,166)	183,106	(157,626)	(1,815,943)	502,645	(83,485)	419,160
Loss for the year	-	-	-	-	-	-	-	-	(161,917)	(161,917)	(3,890)	(165,807)
Changes in fair value of equity instruments	-	-	-	-	-	(2,289)	-	-	-	(2,289)	-	(2,289)
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	-	8,574	-	8,574	-	8,574
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	3,951	-	3,951	1,978	5,929
Other comprehensive income (expense) for the year	-	-	-	-	-	(2,289)	-	12,525	-	10,236	1,978	12,214
Profit (loss) and total comprehensive income (expense) for the year	-	-	-	-	-	(2,289)	-	12,525	(161,917)	(151,681)	(1,912)	(153,593)
Recognition of equity-settled share-based payment expenses (note 17(b))	-	-	-	-	-	-	-	-	-	-	197	197
Vesting of shares of a subsidiary (note 17(b))	-	-	-	124,846	-	-	-	-	-	124,846	(124,846)	-
At 31 December 2025	24	-	2,267,925	162,171	-	(14,455)	183,106	(145,101)	(1,977,860)	475,810	(210,046)	265,764

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
Net cash used in operating activities	<u>(65,458)</u>	<u>(54,538)</u>
Net cash generated from (used in) investing activities	<u>8,097</u>	<u>(10,464)</u>
Net cash generated from (used in) financing activities	<u>34,476</u>	<u>(18,456)</u>
Net decrease in cash and cash equivalents	<b>(22,885)</b>	(83,458)
Cash and cash equivalents at beginning of the year	<b>212,876</b>	325,973
Effect of foreign exchange rate changes	<u>(1,704)</u>	<u>(29,639)</u>
Cash and cash equivalents at end of the year	<u><b>188,287</b></u>	<u>212,876</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

## 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 (“**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 incurred a net loss of HK\$165,807,000 and had negative operating cash flows of HK\$65,458,000 for the year ended 31 December 2025. This condition may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of twelve months from the date of approval for issue of these consolidated financial statements. They are of the opinion that, taking into account the plans and measures as stated below, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from date of approval for issue of these consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

### Going Concern (Continued)

The validity of the use of the going concern basis for the preparation of the consolidated financial statements is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when they fall due such that the Group can meet its future working capital and financing requirements. The directors are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

#### a) Cost control

The directors will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring distribution and selling expenses and administrative expenses.

#### b) Business development

The Group is actively exploring new business opportunity to enhance the Group's profitability.

However, the outcome of the above-mentioned management's plans to deal with the condition that cast significant doubt on the Group's ability to continue as a going concern cannot be ascertained with certainty. Hence, there exists material uncertainty about the ability of the Group to continue its operations for the foreseeable future as a going concern. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

## 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 amendment to IFRS Accounting Standard issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to IFRS Accounting Standard 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 IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – Dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

The Directors anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

#### 4. REVENUE

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

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
<b>Types of goods or services</b>		
Provision of performance-based we-media marketing services		
Marketing agency and advertising top-up agency	1,882	56,926
E-commerce products marketing	—	20,882
	<u>1,882</u>	<u>77,808</u>
AI overseas marketing	3,379	32,798
Provision of culture business	5,562	2,507
Others	861	200
	<u>11,684</u>	<u>113,313</u>
<b>Timing of revenue recognition</b>		
A point in time	<u>11,684</u>	<u>113,313</u>

#### **4. REVENUE (Continued)**

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

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

#### **5. SEGMENT INFORMATION**

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

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

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

"Provision of culture business" segment mainly comprises the short drama production and disturbance.

The "Others" segment mainly comprises the provision of the advisory services.

## 5. SEGMENT INFORMATION (Continued)

### Segment revenue and results

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

#### For the year ended 31 December 2025

	Provision of performance- based we- media marketing services <i>HK\$'000</i>	AI overseas marketing <i>HK\$'000</i>	Provision of culture business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue from external customers	<u>1,882</u>	<u>3,379</u>	<u>5,562</u>	<u>861</u>	<u>11,684</u>
Segment loss	<u>(59,292)</u>	<u>(86,281)</u>	<u>(3,283)</u>	<u>(508)</u>	<u>(149,364)</u>
Share of results of associates					1,049
Unallocated corporate expenses, net					<u>(17,492)</u>
Loss for the year					<u><u>(165,807)</u></u>

#### For the year ended 31 December 2024

	Provision of performance- based we- media marketing services <i>HK\$'000</i>	AI overseas marketing <i>HK\$'000</i>	Provision of culture business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue from external customers	<u>77,808</u>	<u>32,798</u>	<u>2,507</u>	<u>200</u>	<u>113,313</u>
Segment loss	<u>(159,196)</u>	<u>(939,868)</u>	<u>(26,037)</u>	<u>(2,077)</u>	<u>(1,127,178)</u>
Share of results of associates					1,442
Unallocated corporate income, net					<u>18,415</u>
Loss for the year					<u><u>(1,107,321)</u></u>

Segment loss represents the loss 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.

During the year, "Provision of culture business" segment meets the quantitative thresholds for the reportable segment. Prior year segment disclosures have been represented to conform with the current year's presentation.

## 5. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

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

## 6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Impairment loss recognised in respect of:		
– property, plant and equipment	–	(14,020)
– right-of-use assets	–	(4,088)
Gain (loss) on disposal of property, plant and equipment	<b>4,103</b>	(5)
Loss on disposal of subsidiaries	<b>(187)</b>	–
Gain (loss) on disposal of right-of-use assets	<b>282</b>	(92)
Foreign exchange (losses) gains, net	<b>(11,286)</b>	30,140
(Loss) gain on fair value changes of financial assets at FVTPL	<b>(1,198)</b>	1,716
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	<b>(2,946)</b>	(3,431)
Loss on fair value changes of derivatives	<b>(1,782)</b>	(18,664)
Others	<b>(766)</b>	3,012
	<b><u>(13,780)</u></b>	<b><u>(5,432)</u></b>

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

	Year ended 31 December	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net impairment losses (reversal)/recognised in respect of:		
trade receivables	<b>40,191</b>	70,139
other receivables	<b>(14,075)</b>	31,575
loan receivables	<b>(11,714)</b>	4,339
	<b><u>14,402</u></b>	<b><u>106,053</u></b>

## 8. LOSS BEFORE TAX

Loss before taxation has been arrived at after charging:

	Year ended 31 December	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Depreciation of property, plant and equipment	12,284	17,605
Depreciation of right-of-use assets	4,667	9,274
Amortisation of intangible assets (included in administrative expenses)	411	1,406
	<hr/>	<hr/>
Total depreciation and amortisation	17,362	28,285
Staff costs:		
Salaries and other benefits-in-kind	20,988	25,496
Contributions to retirement benefits scheme	1,149	1,575
Discretionary bonus	–	32
Equity-settled share-based expense	197	2,762
	<hr/>	<hr/>
Total staff costs	22,334	29,865
Auditors' remuneration	1,397	3,145
	<hr/>	<hr/>
Cost of inventories recognised as expense	–	49,357
	<hr/> <hr/>	<hr/> <hr/>

## 9. INCOME TAX EXPENSE

	Year ended 31 December	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current enterprise income tax	12	70
	<hr/> <hr/>	<hr/> <hr/>

## 10. 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:

	Year ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>161,917</u>	<u>1,068,481</u>

Number of shares:

	Year ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>2,371,927</u>	<u>2,371,927</u>

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

## 11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2025 (2024: nil).

## 12. INTERESTS IN ASSOCIATES

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of investments in associates	37,443	37,443
Share of post-acquisition profits and other comprehensive income	4,864	3,815
Exchange realignment	<u>(3,126)</u>	<u>(4,080)</u>
	<u>39,181</u>	<u>37,178</u>

### 13. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	102,633	118,242
Less: Allowance for credit losses	<u>(100,197)</u>	<u>(57,954)</u>
	<u>2,436</u>	<u>60,288</u>
Deposits for expanding overseas		
E-commerce markets (note)	–	215,000
Receivables on behalf of third parties as an agent	18,411	79,573
Receivables of income from investments in films and television dramas	10,442	16,436
Deposits paid to suppliers	2,347	2,289
Rental and other deposits	8,805	6,100
Other receivables	26,119	25,890
Less: Allowance for credit losses	<u>(43,834)</u>	<u>(56,758)</u>
	<u>22,290</u>	<u>288,530</u>
Total trade and other receivables and deposits	<u><u>24,726</u></u>	<u><u>348,818</u></u>
Analysis as		
Non-current	1,674	2,163
Current	<u>23,052</u>	<u>346,655</u>
	<u><u>24,726</u></u>	<u><u>348,818</u></u>

*Note:* In May 2023, the Group entered into several agreements with the largest overseas traffic supplier, for expanding overseas E-commerce markets. 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 2024. In May 2024, one agreement amounting to HK\$330,000,000 was renewed to extend 12 months with the maturity date ended in May 2025. In May 2025, one agreement amounting to HK\$200,000,000 was renewed to extend 12 months with the maturity date ending in May 2026, and deposits amounting to HK\$15,000,000 is to be refunded to the Group or offset by trade payables.

During the year ended 31 December 2025, the Group decided not to operate business in certain countries, and deposits amounting to HK\$215,000,000 (2024: HK\$225,000,000) as stated above, was refunded to the Group or offset by trade payables, including HK\$215,000,000 (2024: HK\$220,000,000) was offset by trade payables pursuant to a debt settlement agreement signed between the Group and the traffic supplier.

### 13. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates.

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Within 3 months	522	–
3-6 months	–	–
7-12 months	1,914	8,134
1-2 years	–	52,154
	<u>2,436</u>	<u>60,288</u>

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amounts of HK\$2,436,000 (2024: HK\$60,288,000) which are past due as at that date. As at 31 December 2025, out of the past due balance, HK\$1,914,000 (2024: HK\$60,288,000) has been past due 90 days or more and is not considered as in default because the amount is due from a number of independent reputable customers by considering the background of the debtors and historical payment arrangement. The Group does not hold any collateral or other credit enhancement over these balances.

### 14. PREPAYMENTS

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Prepayments for purchases of traffic ( <i>note a</i> )	51,658	104,118
Prepayments for consulting services	1,158	1,130
Other prepayments	1,222	3,136
	<u>54,038</u>	<u>108,384</u>

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

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
At beginning of the year	104,118	492,911
Newly prepaid	60,017	204,918
Utilised	(9,103)	(127,653)
Settlement ( <i>note b</i> )	(105,213)	(461,096)
Exchange realignment	1,839	(4,962)
	<u>51,658</u>	<u>104,118</u>

#### 14. PREPAYMENTS (Continued)

Notes:

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

The Group's total advance payments to its largest traffic supplier composed of the deposits for expanding overseas E-commerce markets (see note 13) and prepayments for purchases of traffic. As at 31 December 2025, the Group's total advance payments to its largest supplier as a percentage of total assets was 15% (2024: 39%). Details of the percentage for the year are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Advance to the largest supplier:		
– Deposits for expanding overseas E-commerce markets ( <i>note 13</i> )	–	215,000
– Prepayments for purchases of traffic	51,658	104,118
	<u>51,658</u>	<u>319,118</u>
Total assets	<u>354,353</u>	<u>822,230</u>
Advance to the largest supplier as a percentage of total assets	<u>15%</u>	<u>39%</u>

- 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\$105,213,000 (2024: HK\$461,096,000) 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.

#### 15. TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Trade payables	1,500	297,448
Employee compensation payable	11,142	10,884
Other tax payable	932	894
Accrued listing expense/shares issue costs	4,429	4,319
Payables for intangible assets	1,993	1,944
Other payables and accruals	5,532	5,644
	<u>25,528</u>	<u>321,133</u>

## 15. TRADE AND OTHER PAYABLES (Continued)

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

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Within 3 months	1,406	286,985
3-6 months	–	–
7-12 months	50	–
Over 1 year	44	10,463
	<u>1,500</u>	<u>297,448</u>

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

## 16. SHARE CAPITAL

	Number of shares		Share capital	
	2025 '000	2024 '000	2025 HK\$	2024 HK\$
Ordinary shares of HK\$0.00001 each Authorised				
At beginning and end of the year	<u>5,000,000</u>	<u>5,000,000</u>	<u>50,000</u>	<u>50,000</u>
Issued and fully paid				
At beginning and end of the year	<u>2,371,927</u>	<u>2,371,927</u>	<u>23,720</u>	<u>23,720</u>
			As at 31 December	
			2025 HK\$'000	2024 HK\$'000
Presented as			<u>24</u>	<u>24</u>

## 17. SHARE BASED PAYMENT TRANSACTIONS

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

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

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

During the year ended 31 December 2025, the Trustee did not purchase any shares and no share was granted (2024: nil). During the year ended 31 December 2025, no share was vested (2024: nil).

## 17. SHARE BASED PAYMENT TRANSACTIONS (Continued)

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

During the years ended 31 December 2025 and 2024, no share-based payment expenses was recognised by the Group in respect of these awarded shares as the shares under the Share Award Scheme are fully vested. The weighted average fair value of the awarded shares is HK\$1.42 at the date of grant. The fair values for these awarded shares granted were calculated using the fair value of the Company's ordinary shares on the date of grant.

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

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

On the same date, 1,000 shares of Joy Spreader International held by the Company have been granted to Mr. Zhu Zinan, representing 10% of the issued shares of Joy Spreader International, which is also the upper limit of the total shares available for grant under Joy Spreader International Share Award Scheme. The exercise price is zero and the granted shares are vested in four tranches with the vesting dates on 1 September 2023, 1 March 2024, 1 September 2024 and 1 March 2025. On 25 September 2025, the remaining 600 shares are fully vested.

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

	Outstanding at 1 January 2025	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2025
Shares granted to:					
Mr. Zhu Zinan	<u>600</u>	<u>–</u>	<u>(600)</u>	<u>–</u>	<u>–</u>
	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	<u>800</u>	<u>–</u>	<u>(200)</u>	<u>–</u>	<u>600</u>

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

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

During the year ended 31 December 2025, share-based payment expenses of HK\$197,000 (2024: HK\$2,762,000) was recognised in the Group's consolidated statement of profit or loss in respect of the Joy Spreader International Share Award Scheme.

## **OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS**

### **Contractual Arrangements**

For the year ended December 31, 2025, the Board has reviewed the overall performance of the Contractual Arrangements and believed that the Group has complied with the Contractual Arrangements in all material respects.

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

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

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

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in internet culture businesses and other related businesses. In particular, under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) which took effect on November 1, 2024, certain of the Group's performance-based marketing services fall into the internet culture businesses which is considered prohibited. To comply with PRC laws and regulations, the Group conducts performance-based marketing in China through Beijing Joyspreader and its subsidiaries, based on a series of Contractual Arrangements by and among WFOE, Beijing Joyspreader and the Registered Shareholders. As a result of these Contractual Arrangements, the Group exerts control over Beijing Joyspreader and its subsidiaries and consolidates their results of operations into the Group's financial statements. Beijing Joyspreader and its subsidiaries hold the licenses, approvals and key assets that are essential for the operations of the Group's Relevant Businesses. For the efforts made and actions taken by the Group in compliance with the qualification requirements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

During the year ended December 31, 2025, there has been no update on the Foreign Investment Law and the Group has complied with the Foreign Investment Law and the implementation rules in relation to the qualification requirements.

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

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

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

According to the relevant disclosures as set out in the Prospectus and the above announcements, after deducting underwriting fees, commissions, and related expenses payable by the Company, and following the waiver by one of the international underwriters of approximately HK\$21.84 million in underwriting fees that the Company was required to pay to such international underwriter pursuant to the international underwriting agreement, the Company raised net proceeds from the global offering of approximately HK\$1,520.67 million.

On August 28, 2025, the Board resolved to further change the use of the unutilized proceeds (the “**Third Reallocation**”). The following table sets out a summary of the intended uses and the proposed change in the use of the unutilized proceeds according to the Third Reallocation, and the breakdown of the use of the net proceeds from Listing after the Third Reallocation as of December 31, 2025.

The intended use of the net proceeds as described in the Prospectus	Unutilised proceeds upon Second Reallocation as of January 1, 2025 (HK\$ million)	Utilised proceeds from Listing upon Second Reallocation from January 1, 2025 to June 30, 2025 (HK\$ million)	Unutilised proceeds from Listing upon Second Reallocation as of June 30, 2025 (HK\$ million)	Proceeds upon Third Reallocation (HK\$ million)	Approximate percentage of updated net proceeds upon Third Reallocation (%)	Utilised proceeds from Listing upon Third Reallocation from August 29, 2025 to December 31, 2025 (HK\$ million)	Unutilised proceeds from Listing upon Third Reallocation as of December 31, 2025 (HK\$ million)	Expected timetable for unutilized proceeds from Listing upon Third Reallocation
The net proceeds to develop artificial intelligence (AI) technology models research and development and AI computing power	-	-	-	140.21	79.43%	4.39	135.82	To be utilized within approximately three years from September 1, 2025
The net proceeds to develop our culture business	49.87	13.57	36.30	36.30	20.57%	0.76	35.54	To be utilized within approximately three years from September 1, 2025
The net proceeds to develop our short-form video mobile new media monetization business	37.14	-	37.14	-	-	-	-	-
The net proceeds to continue to strengthen our capabilities in performance-based mobile new media marketing services	67.36	13.53	53.83	-	-	-	-	-
The net proceeds to finance our international expansion	109.24	60.00	49.24	-	-	-	-	-
For our working capital and general corporate purposes	0.19	0.19	-	-	-	-	-	-
<b>Total</b>	<b>263.80</b>	<b>87.29</b>	<b>176.51</b>	<b>176.51</b>	<b>100.00%</b>	<b>5.15</b>	<b>171.36</b>	

### Reasons for and Benefits of the Change in Use of Proceeds from Listing

Strategically reallocating the unutilized net proceeds to focus on the Group’s development of AI technology model R&D and computing power, aligning with the Group’s recent market deployment and business development direction in artificial intelligence and algorithm model upgrades for the marketing business. The Group will leverage the strengthened cooperation with central enterprises to optimize the Group’s domestic marketing algorithm technology and digital capabilities, facilitating the Group’s commercial achievements in the artificial intelligence field.

Additionally, based on more than ten years of technology accumulation, with massive marketing data screening and collection capabilities and algorithm model R&D capabilities as the foundation, combined with advanced domestic and foreign AI large models, the Group invested in the R&D of the Group's proprietary computing power, a proprietary AI model knowledge base, and proprietary AI vertical models, enabling the Group to preliminarily complete the transition from an algorithm-driven marketing technology company to a vertical AI model-driven company.

The Group will reallocate the remaining 79.43% of the unutilized net proceeds toward the development of AI technology R&D and AI computing power, aiming to further enhance its marketing algorithm technology and digital capabilities, accelerate the Group's vertical AI model-driven transformation, and create long-term value for shareholders by improving efficiency and consolidating market position in a rapidly developing market environment.

In view of the above, the Board believes that the reallocation of the aforementioned unutilized net proceeds is in line with the Group's business strategy and operational needs. The Board considers that the relevant change in the use of the proceeds from the Listing is fair and reasonable, will not have any material adverse impact on the Group's business operations, and is in the overall best interests of the Company and its shareholders.

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

During the twelve months ended December 31, 2025, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities (or sold of treasury shares (if any)). As at December 31, 2025, the Company did not hold any treasury share.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended December 31, 2025 (2024: nil).

## **CORPORATE GOVERNANCE**

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests 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 Part 2 of the CG Code as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of Part 2 of the CG Code during the year ended December 31, 2025, except for a deviation from the code provision C.2.1 of the CG Code, that the roles of Chairman and chief executive officer of the Company are not separated and are both performed by Mr. Zhu Zinan (“**Mr. Zhu**”). In view of Mr. Zhu’s experience, personal profile and his roles in the Group and that Mr. Zhu has assumed the role of chief executive officer of the Group since its establishment, the Board considers it beneficial to the business prospect and operational efficiency of the Group for Mr. Zhu acting as the Chairman and continuing to act as the chief executive officer of the Company. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors, and we believe that there is sufficient check and balance in the Board; (ii) Mr. Zhu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that 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 strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and chief executive officer is necessary. Directors strive to achieve a high standard of corporate governance (which is of critical importance to the development) to protect the interest of shareholders.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors.

Following specific enquiries of all Directors, they have confirmed compliance with the Model Code for the period ended December 31, 2025. The Company is not aware of any incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **AUDIT COMMITTEE**

The Board has established the Audit Committee. The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Wang Hongpeng as non-executive Director, Mr. Li Chenji (chairman of the Audit Committee) and Mr. Huang Boyang as independent non-executive Directors.

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

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2025. The Audit Committee considered that the audited consolidated financial statements for the year ended December 31, 2025 complied with the applicable accounting standards, the Listing Rules and all other applicable legal requirements.

## **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 31, 2026. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

## **AUDIT OPINION**

The consolidated financial statements have been audited by the Group's auditor, HLB Hodgson Impey Cheng Limited. The independent auditor has issued an unmodified audit opinion with a "Material Uncertainty Related to Going Concern" section in the auditor's report on the Group's consolidated financial statements for the year ended December 31, 2025. An extract of the independent auditor's report is set out in the section headed "EXTRACT OF INDEPENDENT AUDITORS' REPORT" below.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$165,807,000 and, had negative operating cash flows of HK\$65,458,000 for the year ended December 31, 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **EVENT AFTER THE REPORTING PERIOD**

Mr. Li Chenji was appointed as an independent non-executive Director, chairman and member of the Audit Committee on February 10, 2026. Save as disclosed above, the Group did not have any significant events after the Reporting Period.

## **PUBLICATION OF THE ANNUAL RESULTS AND THE 2025 ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.joyspreader.com](http://www.joyspreader.com)). The annual report of the Company for the year ended December 31, 2025 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company (if so requested), and published on the above websites in due course.

## **APPRECIATION**

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

## DEFINITIONS

“3C”	computers, communications and consumer electronics
“AI”	artificial intelligence
“AIGC”	artificial intelligence generated content
“APP”	mobile application
“Audit Committee”	the audit committee of the Board
“Beijing Joyspreader”	Beijing Joy Spreader Interactive Network Technology Group Co., Ltd, a company established under the laws of China with limited liability on October 9, 2008, and by virtue of the Contractual Arrangements, accounted for as the subsidiary
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“China” or “the PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Consolidated Affiliated Entities”	the entities controlled through the Contractual Arrangements, namely Beijing Joyspreader and its subsidiaries
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE, Beijing Joyspreader and the Registered Shareholders
“Director(s)”	the director(s) of the Company
“Foreign Investment Law”	the PRC Foreign Investment Law
“FVTOCI”	fair value through other comprehensive income
“FVTPL”	fair value through profit or loss
“Generation Z”	generational cohort born between 1995 and 2009
“GEO”	generative engine optimization

“Group”, “Joy Spreader Group”, or “we”	the Company, its subsidiaries and the consolidated affiliated entities at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the subsidiaries of the Company or the businesses operated by its present subsidiaries (as the case may be)
“Head Collect Digital”	Khorgos Head Collect Digital Technology Co., Ltd. (霍爾果斯首藏數字技術有限公司)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of China
“ICP License”	value-added telecommunications operating license
“interactive entertainment product(s)”	interactive entertainment product(s), primarily comprising games and internet literature, etc.
“JDT”	JD Technology
“Joy Spreader”, “Company”, or “We”	Joy Spreader Group Inc., formerly known as Joy Spreader Interactive Technology Ltd, a company incorporated in the Cayman Islands on February 19, 2019 as an exempted company with limited liability
“Joy Spreader International”	Joy Spreader International (HK) Limited, formerly known as Joy Spreader Interactive Group (HK) Limited, a company incorporated in Hong Kong on October 25, 2019 as a limited liability company and a wholly-owned subsidiary
“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
“MR”	mixed reality
“Negative List”	the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024), which took effect on November 1, 2024
“Online Culture Operating License”	Online Culture Operating License
“Prospectus”	the prospectus issued by the Company dated September 10, 2020
“R&D”	research and development
“Registered Shareholder(s)”	being Mr. Zhu Zinan, Nantong Pinghengchuangye Venture Capital Investment Centre (Limited Partnership), Beijing Zinan and Friends Cultural Centre (Limited Partnership), Jiaxing Baozheng Investment Partnership (Limited Partnership), Daoyoudao Technology Group Co., Ltd., Nanjing Pingheng Capital Management Centre (General Partnership), Mr. Zhang Zhidi, Mr. Chen Liang, Mr. Guo Zhiwei, Ms. Xue Xiaoli, Ms. Zhu Xifen and Ms. Huang Huijuan, who are all shareholders of Beijing Joyspreader
“Reporting Period”	the twelve months period from January 1, 2025 to December 31, 2025
“RMB”	Renminbi, the lawful currency of China
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary shares in the share capital of the Company with the nominal value of HK\$0.00001 each
“Share Award Scheme”	the share award scheme adopted by the Board on June 21, 2021
“SKU”	stock keeping unit
“State Council”	State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taimei Toys Group”	Dongguan Taimei Toys Co., Ltd. (東莞泰美玩具有限公司)

“TEAMMI”	TEAMMI (Guangxi) Cultural and Creative Co., Ltd. (天美(廣西)文化創意有限公司)
“Token”	token
“treasury share(s)”	shares repurchased and held by the Company in treasury, as authorized by the laws of its place of incorporation and the articles of association
“VR”	virtual reality
“WFOE”	Joy Spreader Interactive Group Co., Ltd, formerly known as Beijing Joy Spreader Interactive Technology Co., Ltd, a limited liability company established in the PRC on May 22, 2019 and a wholly-owned subsidiary
“Yingyi Vision”	Beijing Yingyi Vision Technology Co., Ltd (北京影漪視界科技有限公司)

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

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

Beijing, the PRC  
March 31, 2026

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