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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)

PROFIT ALERT

This announcement is made by Joy Spreader Group Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

After the preliminary review on the unaudited consolidated management accounts of the Group as of December 31, 2022 and the information currently available to the board of directors (the “**Board**”) of the Company, the Group expects, for the year ended December 31, 2022 (the “**Year**”), to record (i) a revenue not less than approximately HK\$3,700.0 million as compared with that of approximately HK\$1,395.9 million for the year ended December 31, 2021 (the “**Corresponding Period**”), representing an increase of not less than approximately 165.1% as compared to the Corresponding Period. In particular, revenue from domestic business for the Year is expected to be not less than approximately HK\$610.0 million, and revenue from overseas business is expected to be not less than approximately HK\$3,090.0 million; and (ii) a net loss attributable to owners of the Company for the Year of approximately HK\$322.2 million to HK\$356.1 million, as compared with profit attributable to owners of the Company of approximately HK\$244.6 million for the Corresponding Period.

The Board is of the view that the financial changes of the Group in the Year are mainly attributable to the following factors:

- (1) The reason for significant growth in the Group’s revenue is that the Group’s overseas E-commerce business achieved a significant growth in revenue in the Year. This business is at the stage of rapidly seizing market space and its scale and market presence are constantly expanding. The Group’s investment in this business continues to increase. Especially the business scale in Southeast Asia region grows rapidly;
- (2) As the overseas E-commerce business of the Group is in the critical stage of rapidly seizing market share, the Group has increased its investment in such business. From the second half of the Year, the Group has subsidized its market expenses at a larger scale and expanded more marketing channels and selling channels, thereby increasing our market competitiveness. Couple with our accurate market research and judgment, such subsidy brought growth momentum for the business and lead to a significant growth in revenue from such business;

- (3) Due to the impact of recurrence of the COVID-19 pandemic in the PRC, the complex and volatile international environment and other unfavorable factors, the domestic economic growth has slowed down. The instable macroeconomic environment has impact on the Internet industry, resulting in a downturn in the overall industry business environment. Regulatory policies relating to game copyright number are still stringent, resulting in a significant decrease of revenue and profits of interactive entertainment and other digital products marketing business of the Group.

Despite the complex and volatile macroeconomic and industry environment, the Group would continue to proactively implement our development plans, focus on key strategic fields and continue to expand the consumer electronics market in Southeast Asia to further expand the business scale of overseas E-commerce; the Group would rely on the platform of Poly Joy Spreader Digi-Entertainment (Beijing) Co., Ltd. (保利樂享文娛科技(北京)有限公司), a mixed-ownership reform company, in China to actively expand business in Web3.0 field, digital assets, AIGC (Artificial Intelligence Generated Content) and MCN (Multi-Channel Network), thus achieving a new pattern of dual-engine driven domestic and overseas business. The Board is confident of the long-term prospects of the Group.

The Group is in the process of finalizing the financial results of the Group for the Year. The information contained in this announcement is only based on the preliminary review made by the management of the Group on the unaudited consolidated management accounts of the Group for the year ended December 31, 2022 and other information currently available, and is not based on any figure or information that has been audited or reviewed by the auditors of the Group. The actual results of the Group for the Year may be different from the information contained in this announcement. For details of the financial information of the Group for the Year, please refer to the results announcement of the Group for the Year which is expected to be published by the end of March 2023.

Shareholders of the Group and potential investors are advised to exercise caution in dealing in the securities of the Group.

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

Beijing, the PRC, March 10, 2023

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