

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

ZIBUYU

Zibuyu Group Limited 子不语集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2420)

PROFIT WARNING

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

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 (the “**Reporting Period**”) and information currently available to the Company, the Group expects to record a net loss in the range of approximately RMB240.00 million to approximately RMB290.00 million for the Reporting Period when compared with the net profit of approximately RMB110.69 million for the year ended 31 December 2022, which was mainly due to the combined effects of the followings:

- (i) the increase in provision for write-down of inventories: During the Reporting Period, the Group has improved its operational efficiency and optimised its inventory structure by further implementing the brand building model. The Group has sorted out the strategic and competitive products during the Reporting Period, to concentrate its resources on hot-selling products for the purpose of increasing its inventory turnover ratio. Certain inventories with slower inventory turnover have been disposed of, resulting in an increase in provision for write-down of inventories. Based on the currently available information to the Company, it is estimated that the Group will record an inventory impairment provision in the range of approximately RMB363.00 million to RMB413.00 million during the Reporting Period; and

- (ii) the increase in employee benefit expenses: During the Reporting Period, the Group has further expanded the talent structure, increased headcount of middle and senior management and IT technicians and expanded the talent reserves for future business expansion of the Group according to the strategic development needs, resulting in an increase in employee benefit expenses.

In the long-term, it is conducive to brand building by concentrating the resources on hot-selling products, and the core competitiveness of the Company will be enhanced with continuous sales growth. The impact of inventory clearance on the performance of the Company would be temporary. As at the date of this announcement, the Company is still in the process of finalizing the annual results of the Group for the Reporting Period. The information contained in this announcement is only based on the information currently available to the Company and the Board's preliminary review of the management accounts, which has not been confirmed or reviewed by the auditor or the audit committee of the Company, and may be subject to further adjustments (if any). Shareholders and potential investors are advised to carefully read the Company's annual results announcement of the Group for the Reporting Period, which is expected to be published by the end of March 2024 pursuant to the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board of
Zibuyu Group Limited
Mr. Hua Bingru
Chairman

Hong Kong, 8 February 2024

As at the date of this announcement, the Board comprises Mr. Hua Bingru, Mr. Wang Weiping and Mr. Dong Zhenguang as the executive Directors; Ms. Hua Hui as non-executive Director; and Mr. Yu Kefei, Mr. Shen Tianfeng, and Dr. Lau Kin Shing Charles as the independent non-executive Directors.