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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 WARNING

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).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on a preliminary review on the unaudited consolidated management accounts of the Group for the six months ended June 30, 2024 (the “**First Half of 2024**”) and the information currently available to the Board, for the First Half of 2024, the Group expects to record (i) a revenue of not less than approximately HK\$110.00 million, representing a decrease of approximately 94.88% as compared with revenue of HK\$2,148.18 million for the six months ended June 30, 2023 (the “**Corresponding Period**”), and (ii) a net loss for the period attributable to owners of the Company of approximately HK\$345.00 million to HK\$365.00 million, representing an increase in net loss of approximately 77.08% to 87.34% as compared with net loss for the period attributable to owners of the Company of HK\$194.83 million for the Corresponding Period.

The Board considers that the decrease in the Group’s revenue and the increase in net loss attributable to owners for the First Half of 2024 are mainly attributable to the following factors:

- (1) At the end of 2023, the Group made a strategic adjustment to its overseas E-commerce business, shifting from its previous asset-heavy business model (i.e. making inventory purchases then selling goods overseas) to an asset-light business model (i.e. providing transaction-matching service to suppliers and distributors through accurate marketing on overseas short video platforms with interest-based algorithm technology), thereby reducing the tie-up of the Group’s capital in inventory purchases and minimising the impact of commodity price fluctuations. In the First Half of 2024, the GMV of overseas E-commerce transactions concluded through MARTOP, an E-commerce platform established by the Group, reached US\$455 million, representing a significant increase of 83% as compared to that of US\$248 million for the Corresponding Period.

- (2) Upon completion of the disposal of existing inventory in the First Half of 2024, the Group terminated new inventory purchases and the sale of 3C electronic consumer products under the traditional trading model. Instead, focusing on its own E-commerce platform MARTOP as a transaction-matching platform, the Group optimises and upgrades transaction mode by providing trading leads and attracting accurate customer traffic through overseas short video platforms. Currently, we are still in the process of testing on our new transaction-matching business model and have not collected commissions and service fees from suppliers and distributors, thereby the Group did not record any operating revenue in respect of transaction-matching for the First Half of 2024, representing a significant decrease as compared to sales revenue from overseas E-commerce business of HK\$1,944.14 million for the Corresponding Period.
- (3) At the initial stage of transformation of the overseas E-commerce business model, the Group focused on its own E-commerce platform MARTOP as a transaction-matching platform and continuously provided traffic promotion subsidies to help the platform to attract accurate customer traffic and facilitate business model transformation, as a result of which, the Group recorded net loss for the First Half of 2024.

The Group is in the process of finalizing the financial results for the First Half of 2024. The information contained in this announcement is only based on the preliminary review made by the management of the Company on the unaudited consolidated management accounts of the Group for the First Half of 2024 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 Company. The actual results of the Group for the First Half of 2024 may be different from the information contained in this announcement. For details of the financial information of the Group for the First Half of 2024, please refer to the interim results announcement of the Group for the First Half of 2024, which is expected to be published by the end of August 2024.

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

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

Beijing, the PRC, August 15, 2024

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