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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)

VOLUNTARY ANNOUNCEMENT FINANCIAL AND BUSINESS UPDATE

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 and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to provide the shareholders of the Company and potential investors with certain unaudited financial and business update of the Group for the nine months from January 1, 2022 to September 30, 2022.

Certain unaudited financial data of the Group for the nine months from January 1, 2022 to September 30, 2022, together with comparative figures for the corresponding period in 2021, are as follows:

FINANCIAL RESULTS HIGHLIGHTS

	For the nine months ended September 30		Year-on-year changes Increase/ (decrease) %
	2022 (Unaudited) (HK\$ in millions)	2021 (Unaudited) (HK\$ in millions)	
Sales revenue from overseas			
E-commerce goods ⁽¹⁾	1,928.83	–	N/A
Marketing revenue from interactive entertainment and digital products	284.06	750.48	(62.15)%
Marketing revenue from domestic E-commerce products	184.70	194.22	(4.90)%
Revenue from other businesses	1.73	–	N/A
Total revenue	2,399.32	944.70	153.98%
Gross profit from overseas sales of E-commerce goods ⁽¹⁾	112.68	–	N/A
Marketing gross profit from interactive entertainment and digital products	90.59	223.96	(59.55)%
Marketing gross profit from domestic E-commerce products	95.21	107.51	(11.44)%
Gross profit from other businesses	1.60	–	N/A
Total gross profit	300.08	331.47	(9.47)%

Note:

(1) Overseas sales of E-commerce goods business commenced in the fourth quarter of 2021.

Business data of the Group for the nine months from January 1, 2022 to September 30, 2022, together with comparative figures for the corresponding period in 2021, are as follows:

OPERATIONAL RESULTS HIGHLIGHTS

	As at September 30 or for the nine months ended September 30		Year-on-year changes Increase/ (decrease) %
	2022 (Unaudited)	2021 (Unaudited)	
Overseas E-commerce business⁽¹⁾			
Sales (HK\$ million)	1,928.83	–	N/A
Sales volume (units)	1,694,176	–	N/A
Algorithm-based marketing business			
GMV of domestic short video platform			
E-commerce marketing (HK\$ million)	481.51	896.84	(46.31)%
Number of paid actions of interactive entertainment products marketing ⁽²⁾ ('000)	124,191	352,298	(64.75)%
Average revenue per paid action (HK\$)	2.41	2.26	6.64%
R&D Investments			
R&D expenditure (HK\$ million)	50.45	46.84	7.71%
Number of data models (sets)	189	175	8.00%

Notes:

- (1) Overseas sales of E-commerce goods business commenced in the fourth quarter of 2021;
- (2) Referring to the total number of paid actions, including click, download and installation, and top-up, etc.

In view of various adverse impacts caused by downward pressure on domestic and international economy, resurgence of pandemic in China and other factors, the Group adjusted its strategic layout in a timely manner by making precise projections on the macro situation, which contributed to the significant growth in revenue for the first three quarters of 2022. During the first three quarters of 2022, the Group recorded a revenue of HK\$2,399.32 million, representing a substantial increase of 153.98% as compared with that of the same period last year, HK\$1,928.83 million of which was attributable to the overseas E-commerce business. During the first three quarters of 2022, the Group recorded a gross profit of HK\$300.08 million, representing a slight decrease of 9.47% as compared with that of the same period last year.

The change in the Group's financial results for the first three quarters of 2022 is 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 for the first three quarters of 2022. This business is in the stage of rapidly seizing market space and its scale is constantly expanding. The Group's investment in this business continues to increase, and the business scale in Southeast Asia region grows rapidly; (2) The main reasons for significant decrease in revenue scale and gross profit of the Group's domestic business for the first three quarters of 2022 as compared with the corresponding period are: (a) the continuing stringent regulatory approval of game copyright number for the first three quarters of 2022, as a result, the Group's interactive entertainment business was restricted, which affected the revenue and gross

profit of this business; and (b) the pandemic, as a result, logistics, warehousing and other industrial chains in relation to the Group's domestic E-commerce business have been impacted, resulting in a slight decrease in the scale of marketing business for domestic E-commerce products for the first three quarters of 2022 as compared with the corresponding period; and (3) the Group actively expanded its overseas E-commerce business, which alleviated the impact of unfavorable factors in the domestic market on us, leading to the decrease in the overall gross profit, but with volatility less than the gross profit of domestic business for the first three quarters of 2022.

As a strategic shareholder, the Group actively participated in the mixed-ownership reform of Poly Joy Spreader Digi-Entertainment (Beijing) Co., Ltd. (保利樂享文娛科技(北京)有限公司, formerly known as Poly Boyi Culture Media (Beijing) Co., Ltd (保利博藝文化傳媒(北京)有限公司)) (hereinafter referred to as "Poly Joy Spreader Digi-Entertainment"), to cultivate quality traffic and explore the field of digital assets, which has achieved significant progress. On November 1, 2022, "Kong Jian (空兼)", a digital asset service platform for film and television culture and entertainment contents was officially launched by Poly Joy Spreader Digi-Entertainment, indicating that Poly Joy Spreader Digi-Entertainment has entered the era of web3.0.

Going forward, the Group will focus on increasing its investment in the overseas E-commerce business while maintaining the steady development of its domestic business. Meanwhile, the business of Poly Joy Spreader Digi-Entertainment will be steadily launched.

The information contained in this announcement is only based on the Board's preliminary assessment with reference to the unaudited consolidated management accounts of the Group for the nine months ended September 30, 2022 and is not based on the financial data or other information which has been audited or reviewed by the Company's independent auditor or the audit committee of the Company. The above data may change, therefore, the information contained in this announcement is for reference only.

Shareholders of the Company and potential investors 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, November 29, 2022

As at the date of this announcement, the Board comprises Mr. Zhu Zinan, Mr. Cheng Lin, Ms. Qin Jiaxin and Mr. Sheng Shiwei 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.