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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 six months ended June 30, 2023 (the “**Reporting Period**”) and information currently available to the Company, the Group expects the net profit for the six months ended June 30, 2023 would amount to approximately RMB9.2 million to RMB12.3 million, representing a decrease of approximately 80% to 85% from approximately RMB61.3 million for the six months ended June 30, 2022 (the “**Previous Period**”).

The Board is of the view that the expected decrease in net profit for the Reporting Period, when compared with the Previous Period, was mainly due to the combined effects of the followings:

- (i) the increase in provision for write-down of inventories and the warehousing expenses: the increase in provision for write-down of loss of inventories made by the Company based on its assessment of various factors (including product life cycle, sales performance, inventory age and the third party e-commerce platform (the “**Platform**”) charges) and also the increase in warehousing expenses charged by the Platform;

- (ii) the increase in employee benefit expenses: the increase in employee benefit expenses caused by further expansion of talent structure, increased headcount of IT technicians and the expansion of talent reserves for future business expansion according to the Company's strategic development needs during the Reporting Period; and
- (iii) the increase in return rate: the increase in return-related charges charged by the Platform as a result of the increase in the Company's total return rate of sales through the Platform due to more customers' conservative consumption caused by the persistent inflation and continuous rate hikes in the United States during the Reporting Period, which has weakened the spending power of the Company's customers in the North American market and also transformed the purchasing habits of customers.

As at the date of this announcement, the Company is still in the process of finalizing the interim results for the six months ended June 30, 2023. 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 interim results announcement of the Group for the six months ended June 30, 2023, which is expected to be published by the end of August 2023 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
Zibuyu Group Limited
Mr. Hua Bingru
Chairman

Hong Kong, August 8, 2023

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