JS Global

JS 环球生活有限公司
JS GLOBAL LIFESTYLE COMPANY LIMITED

Stock code: 1691

(Incorporated in the Cayman Islands with limited liability)

2023
Annual Report

Table of Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
WANG Xuning *(Chairman and Chief Executive Officer)*
HAN Run *(Chief Financial Officer)*
HUANG Shuling

Non-executive Directors
Stassi Anastas ANASTASSOV
HUI Chi Kin Max *(resigned on July 30, 2023)*

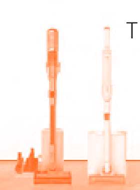
Independent Non-executive Directors
Yuan DING
YANG Xianxiang
SUN Zhe *(re-designated from non-executive Director on July 30, 2023)*
Timothy Roberts WARNER *(resigned on July 30, 2023)*

AUDIT COMMITTEE
Yuan DING *(Chairman)*
YANG Xianxiang
SUN Zhe *(appointed on July 30, 2023)*
Timothy Roberts WARNER *(resigned on July 30, 2023)*

NOMINATION COMMITTEE
WANG Xuning *(Chairman)*
Yuan DING
YANG Xianxiang

REMUNERATION COMMITTEE
YANG Xianxiang *(Chairman, re-designated on July 30, 2023)*
HAN Run
SUN Zhe *(appointed on July 30, 2023)*
Timothy Roberts WARNER *(resigned on July 30, 2023)*

STRATEGY COMMITTEE
WANG Xuning *(Chairman)*
Stassi Anastas ANASTASSOV
SUN Zhe
Yuan DING
YANG Xianxiang
HUI Chi Kin Max *(resigned on July 30, 2023)*
Timothy Roberts WARNER *(resigned on July 30, 2023)*



AUTHORISED REPRESENTATIVES
HAN Run
KWAN Man Ying *(appointed on September 1, 2023)*
SHAN Minqi *(resigned on September 1, 2023)*

COMPANY SECRETARY
KWAN Man Ying *(appointed on September 1, 2023)*
SHAN Minqi *(HKICPA) (resigned on September 1, 2023)*

REGISTERED OFFICE
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
21/F
238 Des Voeux Road Central
Sheung Wan
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
21/F
238 Des Voeux Road Central
Sheung Wan
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISERS

As to Hong Kong and US laws

Paul Hastings
22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to Cayman Islands laws

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

AUDITOR

Ernst & Young *(Certified Public Accountants)*
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

PRINCIPAL BANK

Industrial and Commercial Bank of China (Asia) Limited

STOCK CODE

1691

COMPANY'S WEBSITE

www.jsgloballife.com

DATE OF LISTING

December 18, 2019

Summary of Financial Information

	2023 US$'000	2022 US$'000 (Restated)	2021 US$'000	2020 US$'000	2019 US$'000
Results					
From continuing operations					
Revenue	**1,428,706**	1,475,506	5,150,593	4,195,816	3,016,094
Gross profit	**486,584**	536,386	1,924,383	1,742,786	1,126,526
Profit before tax from continuing operations	**84,824**	136,676	574,835	526,775	118,980
Profit for the year from continuing operations	**70,265**	111,466	460,702	402,306	85,177
Profit for the year from a discontinued operation	**79,703**	246,037	-	-	-
Profit for the year	**149,968**	357,503	460,702	402,306	85,177
Profit attributable to the owners of the parent	**131,707**	332,274	420,499	344,430	42,134
Total comprehensive income for the year	**120,902**	280,942	478,055	456,835	81,705
Total comprehensive income attributable to the owners of the parent	**108,105**	273,412	432,258	380,344	38,069
Adjusted EBITDA(1)	**397,052**	673,035	733,533	662,938	405,491
Adjusted net profit(2)	**229,780**	425,587	502,444	419,259	233,889

(1) EBITDA is defined as profit before tax plus finance costs, depreciation and amortization, less interest income, see "– Non-IFRS Measures" below.

(2) Adjusted net profit is defined as profit for the year adjusted for certain items that do not affect the Company's ongoing operating performance, including items arising from acquisition and relating to the reorganization in preparation for the Global Offering and non-recurring items and items not related to the Company's ordinary course of business (each without considering tax effect), see "– Non-IFRS Measures" below.

	2023 US$'000	2022 US$'000	2021 US$'000	2020 US$'000	2019 US$'000
Assets:					
Non-current assets	**381,382**	2,053,686	2,029,736	1,940,394	1,999,419
Current assets	**1,021,909**	2,582,129	2,779,075	2,713,714	1,775,373
Total assets	**1,403,291**	4,635,815	4,808,811	4,654,108	3,774,792
Equity and liabilities:					
Equity attributable to owners of the parent	**535,465**	1,899,692	1,860,097	1,611,778	1,287,821
Non-controlling interests	**162,700**	164,957	228,798	308,589	245,540
Total equity	**698,165**	2,064,649	2,088,895	1,920,367	1,533,361
Non-current liabilities	**10,368**	976,138	1,096,519	1,115,882	1,250,973
Current liabilities	**694,758**	1,595,028	1,623,397	1,617,859	990,458
Total liabilities	**705,126**	2,571,166	2,719,916	2,733,741	2,241,431
Total equity and liabilities	**1,403,291**	4,635,815	4,808,811	4,654,108	3,774,792

Chairman's Statement

Dear Shareholders,

On behalf of JS Global Lifestyle Company Limited (the "**Company**" or "**we**"), I am pleased to present the 2023 annual results of the Company and its subsidiaries (the "**Group**").

Looking back on the past year, we witnessed the world in relentless turmoil: the US banking crisis, the ongoing conflict between Russia and Ukraine, fluctuating raw material prices, inflation, and disruptions in Red Sea shipping. Those events posed diverse challenges to the economies of many countries and the normal functioning of businesses. Conversely, we have observed considerable advancements in science and technology, notably in artificial intelligence, which are anticipated to enhance labor and productivity moving forward.

In the challenging context of the past year, the Company continued to innovate and proactively seek change. With the collective efforts of our staff, the Company has established a solid foundation for a new journey ahead, fueled by the spirit of teamwork and positive change.

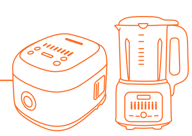
OPERATIONAL HIGHLIGHT OF THE YEAR

During the fiscal year of 2023 ("**FY2023**"), the Company spun off the operations of the SharkNinja segment, excluding those in APAC (the "**Spin-off**"). Following the Spin-off, we leveraged our strengths and honed our focus on the continuing operations of the Joyoung segment and the SharkNinja Asia Pacific business ("**SharkNinja Asia Pacific Segment**"). The Operational Highlights in this section mainly describe the Group's continuing operations, with detailed information on the Spin-off available in the subsequent section, Material Strategic Restructuring.

In FY2023, the Group achieved sales revenue of approximately US$1,429 million from its continuing operations, representing a decrease of 3.2%. The Joyoung segment garnered a revenue of approximately US$1,190 million, representing a year-on-year decrease of 10.2%. Meanwhile, the SharkNinja Asia Pacific segment recorded a revenue of US$239 million, representing a year-on-year increase of 58.9%.

The decrease in revenue of the Joyoung segment was primarily attributed to a combination of weak consumer demand in 2023, intense competition within the industry, and a downturn in the overall small home appliance sector. As a leading brand in the domestic small home appliance industry, Joyoung has achieved a number of breakthroughs in product innovation in 2023, highlighted by introducing innovative products such as the variable-frequency silent blender and zero-coating rice cooker that complies with the national Class II non-stick standard to cater to market demand. It is also dedicated to accelerating growth in potential categories such as the electric cleaners and continuously strives to establish itself as a leader in the entire range of high-quality small household appliances.

SharkNinja Asia Pacific segment's revenue growth is primarily driven by its ongoing exploration of opportunities in both existing and new markets, coupled with its strategy of leveraging the strengths of core categories and introducing new ones. Throughout the year, the SharkNinja Asia Pacific segment received remarkable support from the Group, aimed at facilitating a smooth transition for the segment, helping it establish a more comprehensive team and system, expedite the introduction of new products and categories, and increase market share by expanding marketing efforts. The Company observed robust performance in Japan and Australia, and re-entered Korea, Singapore, and Malaysia, while making its debut in the Philippines. New products such as CleanSense iQ/iQ+, Evopower Neo/Neo+, FlexStyle, SpeedStyle, and Blast have been successful in the Asia Pacific region and received positive feedback from consumers.



Chairman's Statement

The Group's gross profit from continuing operations for FY2023 amounted to approximately US$487 million, marking a year-on-year decrease of 9.3%. The gross profit margin stood at 34.1%, a decrease of 2.3 percentage points from the previous year.

The Group's adjusted profit from continuing operations for FY2023 fell by 72.2% year-over-year to approximately US$38 million, and net profit per share dropped to 1.5 cents, a decrease of approximately 40.0% from the previous year, owing to heightened investment in the SharkNinja Asia Pacific segment and challenges impacting the performance of the Joyoung segment.

MATERIAL STRATEGIC RESTRUCTURING

Throughout the year, the Company successfully executed the Spin-off of its SharkNinja Segment (excluding the Asia Pacific region), and conducted a pro rata distribution of shares in the spun-off entity to all shareholders as of the record date (the "**Distribution**"). SharkNinja Group, the entity resulting from the spin-off, is now independently traded on the New York Stock Exchange.

We believe that the spin-off and distribution have delivered the following benefits to the Company and its shareholders:

i. The operational and financial benefits of the Company and its spin-off are more distinctly showcased, allowing investors to gain a deeper understanding of the business dynamics in various markets, assess the business and portfolio of both entities, and make more informed investment decisions or adjust their investment strategies accordingly;

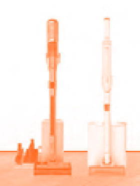
ii. Two distinct entities for different markets have ben established, which enables the Company and the spun-off entity to concentrate on their specific regional operations and enhance their operational efficiency; and

iii. Independent governance of the Company and the spun-off entity have been strengthened, which not only supports the sustainable growth of their respective businesses but also improves their ability to attract, motivate, and retain key personnel.

FUTURE OUTLOOK

In 2024, the Group will transition into a new development phase, with a more defined direction and business focus. We will consolidate our superior resources, enhance work efficiency, and concentrate on expanding in the Asia-Pacific region, particularly Greater China, and specifically:

i. Joyoung segment will remain committed to a user-centric and retail-focused approach in developing its range of kitchen gadgets, water appliances, cleaning devices, personal care items, and cookware. In the coming year, the management team is determined to boldly experiment and proactively seize opportunities in new categories, channels, and sectors. They will further enhance their capabilities in understanding user needs, product management, and channel marketing, with a particular emphasis on refining management practices, aiming to achieve a comprehensive enhancement of the Company's quality and efficiency.



ii. SharkNinja Asia Pacific segment is committed to fully realizing its growth potential within the region. We will persist in investing in product research and development, marketing initiatives, and human resources across markets primarily in Japan, Australia, and South Korea. Our aim is to introduce new, smarter, and healthier products and categories tailored to the specific preferences and needs of consumers in each market. Furthermore, we plan to expand into additional Asia Pacific countries and regions to establish a foundation for sustained growth.

iii. We are gearing up to establish a localized R&D center in the Asia-Pacific region, aiming to build long-term overseas R&D capabilities. Our plan includes recruiting international R&D talents and continuously introducing innovative products and services to enhance the product experience for consumers in the Asia-Pacific region, including Greater China.

The Group will persist in following its business model: focusing on and addressing consumer needs through a robust global research and development platform, consistently introducing innovative products, and leveraging strong marketing and media communication capabilities across the entire sales network to create blockbuster products. Simultaneously, the Group will continue to uphold synergies with its spun-off entities, maximizing the benefits of R&D and supply chain synergies.

Over the past 30 years, the Joyoung segment has evolved from its humble beginnings as a soy milk machine manufacturer into a comprehensive small household appliance enterprise, boasting a diverse array of products. This transformation has firmly established the Joyoung brand as a household name within the Chinese community, a feat that could not have been achieved without the unwavering support of our employees and shareholders. Moving forward, the Joyoung Segment is committed to further expanding and enhancing the brand equity of our "family kitchen" + "public kitchen" + "space kitchen" portfolio. We will continue to focus on the development of small kitchen appliances, water appliances, cleaning appliances, personal care appliances, and cookware among other product lines. Additionally, the year 2023 marked the establishment of a strategic direction for the high-quality and rapid development of the SharkNinja Asia Pacific segment, achieved through a strategic spin-off.

In 2024, every member of JS Global Lifestyle will dedicate themselves tirelessly to achieving our business objective of becoming the top player in the small home appliance sector across the Asia Pacific market. I am also eager to collaborate once more with all our shareholders to observe the Group's extensive growth in the Asia Pacific market, enhancing the living standards of consumers in the region and persistently generating value with the innovative offerings of Joyoung, Shark, and Ninja.

Wang Xuning
Chairman

Hong Kong, March 28, 2024

Management Discussion and Analysis

The following discussion should be read in conjunction with the consolidated financial information of the Group, including the related notes, set forth in the financial information section of this report.

BUSINESS OVERVIEW

Our mission is to positively impact people's lives around the world every day through transformational, innovative, and design-driven smart home products.

We are the leader in high-quality, innovative small household appliances and our success is centered around our deep understanding of local consumer needs, and is built on our strong product innovation and design capability powered by a global research and development platform, marketing strengths driving high brand engagement, and an omni-channel distribution model with high penetration. Through continuously creating new products, expanding and diversifying our product portfolio to stimulate consumers' demand and grow the market, we are the leader of the market, reshaping the consumer behavior and their lifestyle. After the spin-off from the Group and separate listing of the shares of SharkNinja, Inc. and its subsidiaries (the "**SharkNinja Group**") on the New York Stock Exchange (the "**Spin-off**") during the year of 2023, we continue to deepen our core business and accelerate our presence in the Asia Pacific market with trusted market-leading brands: Joyoung, Shark and Ninja.

We focus on three core competencies: (i) developing transformational innovative products with appealing designs; (ii) effecting multi-form brand and product marketing activities; and (iii) building omni-channel sales network. They are supported by efficient operational infrastructure, including a global research and development platform which utilizes consumer engagement to amass information on consumer preferences and behaviors that informs and influences the product development process, a centralized supply chain with a global reach and a comprehensive information management system across the entire value chain.

During the Reporting Period, the Company completed the Spin-off and reorganization of the non-APAC businesses of the SharkNinja segment, and following the Spin-off, we continue to operate the APAC businesses of the original SharkNinja segment and the Joyoung segment:

- The SharkNinja segment underwent a Spin-off and reorganization during the Reporting Period, whereby we span off and ran our business in North America, Europe and other selected regions (i.e. the non-APAC businesses) separately. Since then, the Group has continued to operate SharkNinja APAC business, focusing on launching and selling innovative cleaning appliances, kitchen appliances and personal care appliances for the APAC markets. Through consumer insights in different markets, we have launched new products and categories, enriched our product portfolio and marketing campaigns, and continued to increase our market share in legacy markets. At the same time, we endeavor to enter more markets or regions. During the Reporting Period, we took over our distributor markets in Australia, New Zealand, Singapore and Malaysia through the acquisition of Mann & Noble entities, and has witnessed encouraging growth there. By the end of the year, SharkNinja APAC segment also entered into the Philippines market through a local distributor.

- During the Reporting Period, the Joyoung segment maintained its focus on technological innovation as a means to provide consumers with a continuous supply of healthy home appliances, with a primary focus on kitchen appliances and cleaning appliances. In Chinese Mainland, the Joyoung brand is at the forefront of several innovative product categories. During the Reporting Period, in particular, the success of the second-generation non-coating non-stick rice cooker and the quiet high-performance blender allowed Joyoung to reach an increasing number of middle-class households.

Global Update

The Group adjusted its organization structure during the Reporting Period by spinning off and operating the SharkNinja non-APAC business independently from the Group and separately listed on the New York Stock Exchange on July 31, 2023. We classified such spun-off business of the SharkNinja segment as a discontinued operation.

During the Reporting Period, the overall performance of the continuing operations of the Group, including Joyoung segment and SharkNinja APAC business, declined compared with 2022 mainly due to:

(1) the significant increase in the one-off professional service fees incurred for the Spin-off and distribution-in-specie and other related matters;

(2) the increase in sales and marketing expense for expansion of the APAC markets;

(3) the increase in human resources cost to complement the overall expansion of the APAC markets; and

(4) persistent challenge and competitive market in Chinese Mainland.

The negative impact of the above was partially offset by strong growth in SharkNinja APAC business as a result of continued market share growth in the existing market and entry into new markets from strategic acquisitions.

The United States and Europe

During the period ended July 31, 2023, SharkNinja non-APAC business maintained a stable level of revenue in the U.S. while Europe continued to have strong revenue growth driven primarily by the heated category and personal care category. After the completion of Spin-off, the result of SharkNinja non-APAC business was not consolidated in the Group starting from August 1, 2023.

Chinese Mainland

Amid the fierce market competition in 2023 and the structural adjustment in the consumer goods sector, the Joyoung segment of the Group, as a leader in the domestic small household appliance industry, continuously launched innovative technology products that lead the industry's development trend, and improved operational efficiency through improved quality and efficiency of production achieved by taking measures such as platform-based production, flexible delivery, production sales rhythm linkage, digital operation and intelligent manufacturing.

In terms of products, Joyoung adheres to the brand DNA of "health and innovation" and is committed to providing users with one-stop high-quality small household appliance solutions for the entire house, from healthy eating to healthy living. In 2023, we launched a variety of new products in our main-selling kitchen small appliances category such as the variable-frequency light noise blender, the second generation zero-coating rice cooker, and the non-flip quick tender roasted air fryer.

- Variable-frequency light noise blender: through user insight, Joyoung found that noise is the biggest pain point for consumers when using blenders. Therefore, the Company has launched a blender product equipped with a variable-frequency brushless motor to solve the noise problem from the root, and provides a lifelong warranty after-sales service commitment for this motor.

Management Discussion and Analysis

- The second generation zero-coating rice cooker: Joyoung developed dot matrix micro pit technology based on the precise temperature control of air cooling, creating nearly 200,000 water locking micro pits on the inner tank and meeting the national level II non-stick standard, which made the structure of the water film more stable, and upgraded the zero-coating non-stick rice cooker products.

- Non-flip quick tender roasted air fryer: Joyoung equipped the air fryer with a 6-fold sealed water locking system based on the stereo hot air cyclic heating technology, which improved the product's cooking efficiency and allowed the air fryer to switch between tender and crispy flavors with just one click.

In addition, Joyoung has introduced an anti-hair-tangling function to the whole series of products under the cleaning business segment. In addition, Joyoung has innovatively applied crawler-tracted rolling brush-empowered floor scrubbing technology and 4D stereoscopic fast hot-air drying technology to its mainstream products such as wet dry vacuums and wet mop robot vacuums, effectively realising anti-bacteria and deodorisation in its cleaning business chain.

In terms of channels, Joyoung coordinated the development of shelf e-commerce, content e-commerce, shopping mall, new retail and markets in lower-tier cities in 2023, and continued to actively deploy and expand emerging channels, focusing on the development of content e-commerce platforms dominated by Douyin and Xiaohongshu, and established professional teams or departments for user research, data analysis, content creation, livestreaming, editing, directing and filming, gradually completing a more complete livestreaming matrix and a closed-sales loop of "marketing – purchase – sharing".

Joyoung also strengthened the construction of retail terminals and shopping guides, guided experienced terminal stores and shopping guides to carry out scenario based demonstrations and livestream sales, built and refined a more comprehensive, efficient, and accurate O2O digital uni marketing operation system based on the self-built digital intermediate platform network, while exploring opportunities in emerging channels, valuing user's experience, appraisal and feedback throughout the sales chain and comprehensively improving retail sales capabilities.

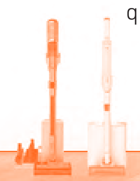
In terms of operation, in 2023, Joyoung capitalised on the advantages of its self-built digital platform network, actively tapped into the value of big data, and continuously improved its digital operation to proactively adapt itself to the development trend of high-speed online-offline integration. In order to better promote digital transformation and proactively adapt to the era of information fragmentation, the Company has attracted the attention of more public domain traffic users while serving private domain traffic users well.

The Company has realised the integration of hardware and software for an intelligent ecosystem through the operation of a number of digital management platforms:

QMS system: Initiating the era of intelligent manufacturing and management, supporting lean production with digital management, focusing on quality management throughout the life cycle of products, emphasising on process control in each link, and committing to reducing the defective rate of products, improving the straight-through rate, and realising intelligent manufacturing.

SRM system: Enabling online management and data analysis for all supplier-related business.

MES system: Enabling real-time view of suppliers' manufacturing processes, integrated with a series of modern information systems such as WMS warehouse management system, and achieving data interoperability with the Company's internal quality management system, research and development management system, and bidding management system.



SharkNinja-APAC Regions (Excluding Chinese Mainland)

SharkNinja APAC segment recorded strong growth of revenue from APAC regions excluding Chinese Mainland in 2023 with revenue from third party customers of US$151.7 million compared to the prior year of US$63.9 million. The year-on-year growth of 137.4% was mainly attributable to the continued market shares gain of Shark vacuum products in Japan market with revenue of US$91.1 million (2022: US$63.9 million), which grew by 42.6% and would have increased by 51.1% under constant currency. In addition, the Group has entered new markets through strategic acquisition, including Australia, New Zealand, Singapore and Malaysia. These new markets brought incremental revenue of US$47.9 million in 2023 and such expansion also helped the diversification of product lines featuring air fryers, indoor grills, blenders, multi-cookers and ice cream makers. Additional revenue of US$12.7 million (2022: nil) was also generated by South Korea market through selling products to a local distributor during the year.

Japan

Shark brand in Japan market accelerates its momentum in the cordless vacuum category, with annual retail point-of-sales growth of 56% in 2023 compared to 2022, while the overall category declined by 2%. This resulted in an increased value share in the cordless vacuum category to 16.7%, up 480 basis points comparing with 2022.

The growth was driven by innovation tailored to consumer preferences, featuring lightweight and smart cordless vacuums which deliver leading cleaning performance. The introduction of CleanSense iQ in June 2023, Shark's new performance flagship cordless stick, and the EVOPOWER System Neo in September 2023, Shark's most lightweight but powerful cordless stick, led to a tangible increase in in-store presence, highlighting our commitment to lead innovation in this category.

Australia and New Zealand

Since our acquisition of the Mann & Noble entities in Australia and New Zealand, our business has seen a year-on-year growth of 97%* during the period from Q2 to Q4 in 2023. The top 3 categories for our business – cordless vacuum, hair care appliance ("**FlexStyle**") and ice-cream maker ("**Creami**") are all brand new categories that were launched post acquisition.

Our cordless category saw the launch of *Detect Pro* that brings 4 new technologies to our consumer (including Auto Empty Dock) and *Stratos* (the best pet hair cordless product in the market). Launch of FlexStyle saw us gain extra 8% share** of the hair care appliance category. This new category has grown to become the largest category for SharkNinja in Australia and New Zealand.

The growth of Ninja brand was driven by Creami, that has not only established a category of ice-cream makers, it is now the largest category within Ninja.

* *Net Sales from Shark Ninja Pty Ltd to Retailers*

** *Source: Share gains defined as Value Share as per GFK in Dec '23 compared to Dec'22*

FINANCIAL REVIEW

Overall performance

Following the completion of the Spin-off of the SharkNinja Group on July 31, 2023, the SharkNinja business units which distributes its products in North America, Europe and other non-Asia Pacific markets ("**SharkNinja Non-APAC business**") was classified as a discontinued operation while the existing business of the Group including Joyoung segment and the business of SharkNinja products selling in Asia Pacific Region ("**SharkNinja APAC segment**") would be the continuing operations.

During the Reporting Period, the total revenue of the Group from continuing operations was US$1,428.7 million, representing a year-on-year decrease of 3.2%. Gross profit was US$486.6 million, representing a year-on-year decrease of 9.3%. Gross profit margin was 34.1%, decreased by 2.3 percentage points as compared to 36.4% year-on-year. Profit from continuing operations for the Reporting Period decreased by 37.0% year-on-year to approximately US$70.3 million. Profit attributable to owners of the parent decreased by approximately 39.5% year-on-year to approximately US$51.9 million. EBITDA[1] for the Reporting Period dropped by 31.1% year-on-year to approximately US$116.5 million, and adjusted EBITDA[2] for the Reporting Period decreased by 56.6% year-on-year to approximately US$83.9 million. Adjusted net profit[3] for the Reporting Period decreased by 72.2% year-on-year to approximately US$37.7 million.

From both the continuing and discontinued operation, profit for the Reporting Period decreased by 58.1% year-on-year to approximately US$150.0 million. Profit attributable to owners of the parent decreased by approximately 60.4% to US$131.7 million. EBITDA[1] for the Reporting Period dropped by 47.4% year-on-year to approximately US$328.7 million, and adjusted EBITDA[2] for the Reporting Period decreased by 41.0% to approximately US$397.1 million. Adjusted net profit[3] for the Reporting Period decreased by 46.0% year-on-year to approximately US$229.8 million.

---

1 EBITDA is defined as profit before taxation plus finance costs, depreciation and amortization, less interest income. For a reconciliation of profit before tax for the periods to EBITDA as defined, see "– Non-IFRS Measures" below.

2 For a reconciliation of EBITDA for the Reporting Period to adjusted EBITDA as defined, see "– Non-IFRS Measures" below.

3 Adjusted net profit is defined as profit for the year adjusted for certain items that do not affect the Company's ongoing operating performance, including items arising from acquisition and relating to the reorganization in preparation for the Global Offering (as defined below and non-recurring items and items not related to the Company's ordinary course of business (each without considering tax effect). For a reconciliation of profit for the periods to adjusted profit, see "– Non-IFRS Measures" below.

Revenue

For the Reporting Period, the Group from continuing operations recorded a total revenue of US$1,428.7 million (2022: US$1,475.5 million), representing a year-on-year decrease of 3.2%.

The following table sets forth the breakdown of the Group's revenue from continuing operations by business segment:

	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	%	Amount	%
	(in US$ million, except percentages)			
Joyoung segment	**1,053.1**	**73.7**	1,325.3	89.8
SharkNinja APAC segment	**151.7**	**10.6**	63.9	4.3
Total sales to third party customers	**1,204.8**	**84.3**	1,389.2	94.1
Joyoung segment	**137.0**	**9.6**	–	–
SharkNinja APAC segment	**86.9**	**6.1**	86.3	5.9
Total revenue with related parties	**223.9**	**15.7**	86.3	5.9
Total revenue	**1,428.7**	**100.0**	1,475.5	100.0

The Joyoung segment represents the Group's Joyoung business unit, which focuses on kitchen and cleaning appliances. The SharkNinja APAC segment represents the Group's SharkNinja business unit, which distributes its products in Japan, Australia and New Zealand, and other Asia Pacific markets and is primarily focused on cleaning appliances and kitchen appliances.

For the year ended December 31, 2023, revenue from third party customers of the Joyoung segment amounted to US$1,053.1 million (2022: US$1,325.3 million), dropping by approximately 20.5% year-on-year and accounting for approximately 73.7% of the total revenue of the Group. On a constant currency basis, the revenue of the Joyoung segment would have decreased by 16.6%. During the Reporting Period, revenue from third party customers of the SharkNinja APAC segment was US$151.7 million (2022: US$63.9 million), growing by approximately 137.4% year-on-year and accounting for approximately 10.6% of the total revenue of the Group. On a constant currency basis, the revenue from third party customers of the SharkNinja APAC segment would have increased by 144.9%.

The revenue from third party customers of Joyoung segment declined, which was primarily due to the softness in demand for most of the kitchen appliances as a result of fierce competition and persistent challenge in Chinese Mainland market.

Management Discussion and Analysis

The SharkNinja APAC segment's ability to accelerate revenue growth from third party customers was attributable to successful innovation in the cordless vacuum category in Japan market and the smooth transition of our strategic acquisitions which enabled us to immediately broaden our geographical and category footprint as demonstrated by Australia which launches across cordless vacuum, hair care appliance and ice cream makers.

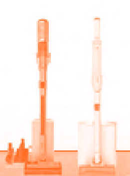
The revenue with related parties under Joyoung segment represents the Joyoung Group being engaged by SharkNinja Non-APAC business after the Spin-off for the manufacturing or procuring OEM suppliers to manufacture certain SharkNinja products of cooking appliances, food preparation appliances and floorcare appliances starting from July 31, 2023. For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024 the circular of the Company dated September 18, 2023.

The revenue with related parties under SharkNinja APAC segment represents one of the sourcing offices within the Group, which provided sourcing services to SharkNinja Non-APAC business for production and manufacturing of SharkNinja products. The revenue from such sourcing arrangement was made up of the mark-up fee on the procurement amounts charged by OEM suppliers, less direct expenses by providing such sourcing service. Upon completion of the Spin-off, the Group has continued to provide value-added sourcing services to the SharkNinja non-APAC business over a transitional period and charge certain service fee rate on the procurement amount. For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024 and the circular of the Company dated September 18, 2023.

The following table sets forth the breakdown of the Group's sales to third party customers from continuing operations by brand:

	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	**%**	Amount	%
	(in US$ million, except percentages)			
Joyoung	**1,043.5**	**86.6**	1,317.0	94.8
Shark	**117.3**	**9.7**	72.2	5.2
Ninja	**44.0**	**3.7**	–	–
Total sales to third party customers	**1,204.8**	**100.0**	1,389.2	100.0

During the Reporting Period, total revenue generated by the Joyoung brand was approximately US$1,043.5 million (2022: US$1,317.0 million), representing a year-on-year decrease of approximately 20.8%. The decrease was mainly due to the continued soft demand in Chinese Mainland market and fierce competition within the products.



During the Reporting Period, total revenue generated by the Shark brand was approximately US$117.3 million (2022: US$72.2 million), representing a year-on-year increase of approximately 62.5%. Such growth was attributable to continued innovations of cordless vacuum designed for APAC markets and our launch into the hair care appliances category. The combination of winning in existing categories and strategic entry into new and adjacent categories highlights the brand's commitment to innovation and market responsiveness.

During the Reporting Period, total revenue generated by the Ninja brand was approximately US$44.0 million (2022: Nil). This was driven by the strategic acquisition, enabling direct market entry across kitchen appliances. This expansion includes a broad and diverse portfolio across air fryers, indoor and outdoor grills, blenders, multi-cookers and ice cream makers.

The following table sets forth the breakdown of the Group's sales to third party customers from continuing operations by geography:

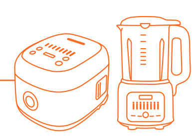
	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	**%**	Amount	%
	(in US$ million, except percentages)			
Chinese Mainland	**1,037.6**	**86.1**	1,307.2	94.1
Japan	**91.8**	**7.6**	63.9	4.6
Australia and New Zealand	**43.8**	**3.7**	–	–
Other markets	**31.6**	**2.6**	18.1	1.3
Total sales to third party customers	**1,204.8**	**100.0**	1,389.2	100.0

During the Reporting Period, total revenue generated from Chinese Mainland was approximately US$1,037.6 million (2022: US$1,307.2 million), representing year-on-year drop of 20.6%. The decrease in revenue was caused by overall softness in demand and fierce competition within the product categories that we sell in.

During the Reporting Period, total revenue generated from Japan was approximately US$91.8 million (2022: US$63.9 million), representing a year-on-year growth of approximately 43.7%. The increase in revenue was driven by "designed for Japan" cordless vacuum innovations, featuring lightweight, powerful and smart vacuums tailored to the Japanese household. On a constant currency basis, revenue would have increased by 51.1%.

During the Reporting Period, total revenue generated from Australia and New Zealand was approximately US$43.8 million (2022: Nil). The sales in these countries was driven by the strategic acquisition, as well as accelerating our brands' awareness through new product launches fueled by strong marketing campaigns.

During the Reporting Period, total revenue generated from other markets was approximately US$31.6 million (2022: US$18.1 million), representing a year-on-year increase of 74.6%, primarily resulted from new market entry into Singapore, Malaysia and South Korea during the Reporting Period.



Management Discussion and Analysis

The following table sets forth the breakdown of the Group's sales to third party customers from continuing operations by product category:

	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	%	Amount	%
	(in US$ million, except percentages)			
Cooking appliances	**570.2**	**47.3**	684.4	49.3
Food preparation appliances	**354.3**	**29.4**	422.8	30.4
Cleaning appliances	**117.4**	**9.8**	72.2	5.2
Others	**162.9**	**13.5**	209.8	15.1
Total sales to third party customers	**1,204.8**	**100.0**	1,389.2	100.0

Cooking appliances include rice cookers, pressure cookers, induction cookers, air fryers, and other appliances and utensils for cooking. Food preparation appliances include high-performance multifunctional blenders, soymilk makers, food processors and other small household appliances that facilitate the food preparation process.

Cleaning appliances include upright vacuums, cordless and corded stick vacuums and other floor care products. Others product category includes small household appliances, such as water purifiers, water heaters, thermos and hair-dryer.

During the Reporting Period, cooking appliances was the Group's largest product category, with revenue contribution of 47.3% for the Reporting Period. The cooking category declined by 16.7% year-on-year to US$570.2 million. The decline in cooking appliance revenue was mainly due to the softening demand within the Chinese Mainland market of air fryers and other cooking appliances during the year, partially offset by incremental revenue from new market entry of SharkNinja cooking appliances.

During the Reporting Period, food preparation appliances recorded revenue decrease of 16.2%, with the revenue of US$354.3 million. The decline was primarily due to the softness in the demand in Chinese Mainland market, especially high-performance blenders, partially offset by entry in other markets of SharkNinja products.

The cleaning category grew by 62.6% year-on-year to US$117.4 million during the Reporting Period which was mainly driven by continued market share gains in Japan and entry in other markets.

During the Reporting Period, others product category recorded a year-on-year decrease of 22.4% to approximately US$162.9 million, as a result of softness in demand for water purifier and cookware in Chinese Mainland market, partially offset by incremental revenue from the hair styler launch across APAC markets.

OTHER FINANCIAL INFORMATION

Cost of sales

For the year ended December 31, 2023, the cost of sales of the Group from continuing operations was approximately US$942.1 million (2022: US$939.1 million), representing a year-on-year increase of approximately 0.3%. The total cost of sales included the cost of sales on revenue with related parties with approximate amount of US$129.1 million (2022: nil). By excluding such amount, the cost of sales on sales to third party customers of the Group from continuing operations for the Reporting Period was approximately US$813.0 million (2022: US$939.1 million), representing a year-on-year decrease of approximately 13.4%. Such decrease was primarily attributable to decrease in sales to third party customers from the Joyoung segment.

The following table sets forth the breakdown of the cost of sales on sales to third party customers of the Group from continuing operations by business segment:

	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	**%**	Amount	%
	(in US$ million, except percentages)			
Joyoung segment	**725.3**	**89.2**	900.5	95.9
SharkNinja APAC segment	**87.7**	**10.8**	38.6	4.1
Total cost of sales on sales to third party customers	**813.0**	**100.0**	939.1	100.0

For the year ended December 31, 2023, the Joyoung segment recorded a total cost of sales on sales to third party customers of approximately US$725.3 million (2022: US$900.5 million), representing a year-on-year decrease of approximately 19.5%. The decrease was primarily in line with the decrease in sales of products.

For the year ended December 31, 2023, the SharkNinja APAC segment recorded a total cost of sales on sales to third party customers of approximately US$87.7 million (2022: US$38.6 million), representing a year-on-year increase of approximately 127.2%. The increase was primarily attributable to higher sales across markets.

Management Discussion and Analysis

Gross profit

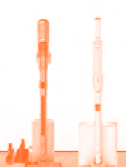
For the year ended December 31, 2023, the gross profit of the Group from continuing operations was approximately US$486.6 million (2022: approximately US$536.4 million), representing a year-on-year decrease of approximately 9.3%. The gross profit margin from continuing operations for the Reporting Period was 34.1%, representing a decrease of 2.3 percentage points from 36.4% for the year ended December 31, 2022.

By excluding the gross profit with related parties, the gross profit of the Group on sales to third party customers for the Reporting Period was approximately US$391.8 million (2022: approximately US$450.1 million), representing a year-on-year decrease of approximately 13.0%. The gross profit margin on sales to third party customers for the Reporting Period was 32.5%, representing an increase of 0.1 percentage point from 32.4% for the year ended December 31, 2022, primarily attributable to improvement in the gross margin from SharkNinja APAC segment resulted from portfolio premiumization in Japan and the strategic acquisition where we have structurally higher margin by selling directly to retailers and consumers but partially offset by relatively lower gross margin from Joyoung segment comparing with prior year.

	For the year ended December 31,			
	2023		2022 (restated)	
	Gross Profit	Gross Margin %	Gross Profit	Gross Margin %
	(in US$ million, except percentages)			
Joyoung segment	**327.8**	**31.1**	424.8	32.1
SharkNinja APAC segment	**64.0**	**42.2**	25.3	39.6
Total gross profit on sales to third party customers	**391.8**	**32.5**	450.1	32.4

The gross profit margin from sales to third party customers of Joyoung segment decreased from 32.1% for the year ended December 31, 2022 to 31.1% for the Reporting Period, mainly due to increase in the promoted sales of products and unfavorable product mix which proportion of products with relatively higher gross margin decreased comparing with the prior year, partially offset by decrease in average cost of raw materials during the year.

The gross profit from sales to third party customers of SharkNinja APAC segment for the Reporting Period increased by 153.0%, and its gross profit margin increased from 39.6% for the year ended December 31, 2022 to 42.2% for the Reporting Period. The increase in gross profit margin was benefited from portfolio premiumization in Japan and the strategic acquisition where we have structurally higher margin by selling directly to retailers and consumers.



Other income and gains

Other income and gains of the Group from continuing operations primarily include (i) gain or loss on financial assets at their fair value; (ii) government grants (mainly relating to research and promotion activities, innovation and patents); (iii) bank interest income; (iv) net rental income from investment property operating leases; (v) foreign exchange differences, net; (vi) gain on disposal of items of property, plant and equipment and (vii) gain on disposal of associates.

The following table sets forth the breakdown of the Group's other income and gains from continuing operations:

	For the year ended December 31,	
	2023	2022
		(restated)
	(in US$ million)	
Other income		
Bank interest income	**6.2**	6.3
Net rental income from investment property operating leases	**1.6**	2.8
Government grants	**9.9**	14.8
Others	**6.7**	2.9
Subtotal	**24.4**	26.8
Gains		
Foreign exchange differences, net	**7.5**	11.8
Gain/(loss) on financial assets at fair value through profit or loss, net	**46.3**	(17.5)
Gain on disposal of items of property, plant and equipment	**0.3**	–
Gain on disposal of associates, net	**15.3**	–
Others	**0.7**	0.2
Subtotal	**70.1**	(5.5)

For the year ended December 31, 2023, other income and gains of the Group from continuing operations was approximately US$94.5 million (2022: US$21.3 million), representing a year-on-year increase of approximately 343.7%. The increase was primarily due to significant increase in net gain on financial assets at fair value through profit or loss while net loss on financial assets at fair value through profit or loss noted in the prior year. In addition, there was net gain on disposal of associates during the year while no such gain in prior year.

Management Discussion and Analysis

Selling and distribution expenses

Selling and distribution expenses of the Group from continuing operations primarily consist of (i) trade marketing expenses in relation to marketing and branding expenses primarily at sales channel; (ii) advertising expenses; (iii) staff cost in relation to sales and distribution staff; (iv) warehousing and transportation expenses for sales of products; (v) business development expenses and (vi) office expenses and others.

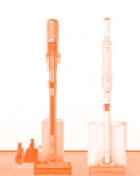
The following table sets forth the breakdown of the Group's selling and distribution expenses from continuing operations:

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Trade marketing expenses	**110.7**	135.9
Advertising expenses	**55.0**	38.4
Staff cost	**48.3**	48.4
Warehousing and transportation expenses	**15.9**	11.5
Business development expenses	**8.3**	7.8
Office expenses and others	**18.1**	21.5
Total	**256.3**	263.5

The Group's selling and distribution expenses from continuing operations decreased by approximately 2.7% year-on-year from approximately US$263.5 million for the year ended December 31, 2022 to approximately US$256.3 million for the Reporting Period, which was mainly due to a reduction of trade marketing expenses in Chinese Mainland market, partially offset by additional investment in advertising for Asia Pacific markets.

Administrative expenses

Administrative expenses of the Group from continuing operations primarily consist of (i) staff cost in relation to product development and administrative staff; (ii) office expenses; (iii) professional service fees primarily consisting of (a) legal fees, (b) tax, audit and advisory fees, and (c) engineering consulting fees; (iv) depreciation and amortization and (v) other expenses.



The following table sets forth the breakdown of the Group's administrative expenses from continuing operations:

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Staff cost	**143.0**	85.0
Office expenses	**22.6**	15.3
Professional service fees	**15.1**	4.5
Depreciation and amortization	**7.8**	8.0
Other	**27.5**	28.6
Total	**216.0**	141.4

The Group's administrative expenses from continuing operations increased by approximately 52.8% year-on-year from approximately US$141.4 million for the year ended December 31, 2022 to approximately US$216.0 million for the Reporting Period. The increase was primarily attributable to significant increase in stock-based compensation, and also special professional service fee and bonus incurred for the Spin-off project during the year while no such expenses noted in the prior year.

Other expenses

Other expenses of the Group from continuing operations primarily consist of (i) impairment of prepayments and other assets and (ii) other expenses.

The following table sets forth the breakdown of the Group's other expenses from continuing operations:

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Impairment of prepayments and other assets	**1.9**	4.0
Others	**0.9**	(2.1)
Total	**2.8**	1.9

The Group's other expenses from continuing operations increased by approximately 47.4% year-on-year from approximately US$1.9 million for the year ended December 31, 2022 to approximately US$2.8 million for the Reporting Period. The increase was primarily because prior year's amount included one-off income from adjustments on intercompany charges between the continuing operations and the discontinued operation, while no such income noted for the Reporting Period.

Finance costs

Finance costs of the Group from continuing operations primarily represent (i) interest expenses on bank loans; (ii) amortization of deferred finance costs, representing amortization of various fees associated with the bank loans; (iii) interest expenses on lease liabilities and (iv) other finance costs.

The following table sets forth the breakdown of the Group's finance costs from continuing operations:

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Interest on bank loans	**13.4**	15.1
Amortization of deferred finance costs	**6.1**	2.8
Interest on lease liabilities	**0.3**	0.5
Other finance costs[4]	**0.1**	0.4
Total	**19.9**	18.8

Finance costs of the Group from continuing operations increased by approximately 5.9% year-on-year from approximately US$18.8 million for the year ended December 31, 2022 to approximately US$19.9 million for the Reporting Period. The increase was primarily due to accelerated in amortization of deferred finance cost after repayment of bank loans during the Reporting Period, partially offset by decrease in bank loan interest.

Income tax

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which its entities are domiciled and operate. Under the relevant PRC income tax law, except for certain preferential treatments available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% (2022: 25%) on their respective taxable income. During the year, three (2022: four) of the Group's entities obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates or corporate income tax exemptions.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime.

Income tax expense of the Group from continuing operations decreased by approximately 42.1% year-on-year from approximately US$25.2 million for the year ended December 31, 2022 to approximately US$14.6 million for the Reporting Period. The decrease was primarily attributable to the decrease of profit before tax from continuing operations during the Reporting Period.

[4] Other finance costs primarily include transaction fees for bill discounting.

Net profit

As a result of the foregoing reasons, net profit from continuing operations decreased by approximately 37.0% from approximately US$111.5 million for the year ended December 31, 2022 to approximately US$70.3 million for the Reporting Period. Net profit from both continuing and discontinued operation decreased by approximately 58.1% from US$357.5 million for the year ended December 31, 2022 to approximately US$150.0 million for the Reporting Period.

NON-IFRS MEASURES

To supplement the Group's consolidated statements of profit or loss which are presented in accordance with IFRS, the Group also uses adjusted net profit, EBITDA and adjusted EBITDA as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. The Group believes that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provide useful information to potential investors and management in facilitating a comparison of the Group's operating performance from period to period by eliminating potential impacts of certain items that do not affect the Group's ongoing operating performance, including expenses arising from the acquisition of SharkNinja and the reorganization (the "**Reorganization**") in preparation for the global offering of the Company in 2019 (the "**Global Offering**"), and non-operational or one-off expenses and gains (each without considering tax effect). Such non-IFRS measures allow investors to consider matrices used by the Group's management in evaluating the Group's performance. From time to time in the future, there may be other items that the Group may exclude in reviewing the Group's financial results. The use of the non-IFRS measures has limitations as an analytical tool, and it should not be considered in isolation from, or as a substitute for or superior to analysis of, the Group's results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies.

Management Discussion and Analysis

The following table shows the Group's adjusted net profit, EBITDA and adjusted EBITDA from continuing operations:

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Profit for the year	**70.3**	111.5
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	**(32.6)**	24.2
Stock-based compensation	**55.1**	6.7
Special professional service fee and bonus related to Spin-off project	**12.8**	–
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(15.6)**	–
(Gain)/loss on financial assets at fair value through profit or loss, net	**(46.3)**	17.5
Sourcing service income[5]	**(40.3)**	–
Product development and transitional service expenses[6]	**1.7**	–
Adjusted net profit	**37.7**	135.7
Attributable to:		
Owners of the parent	**22.5**	104.1
Non-controlling interests	**15.2**	31.6
	37.7	135.7

[5] The sourcing service income represented the fee charged by the continuing operations on value-added sourcing services provided to SharkNinja non-APAC business over a transitional period after the Spin-off (from 31 July 2023 to 30 June 2025). For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024 and the circular of the Company dated September 18, 2023.

[6] Such expenses represented the transition service provided by SharkNinja non-APAC business to the continuing operations after the Spin-off, including developing market tailored products for Asia Pacific regions for a term of three years (from 31 July 2023 to 31 July 2026) and providing certain transition services, including various information technology and back-office services as well as limited and shorter-term front-office services, for a term of two years (from 31 July 2023 to 31 July 2025). For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024.

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Profit before tax	**84.8**	136.7
Add:		
Finance cost	**19.9**	18.8
Depreciation and amortization	**18.0**	19.9
Bank interest income	**(6.2)**	(6.3)
EBITDA	**116.5**	169.1
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	**(32.6)**	24.2
Stock-based compensation	**55.1**	6.7
Special professional service fee and bonus related to Spin-off project	**12.8**	–
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(15.6)**	–
(Gain)/loss on financial assets at fair value through profit or loss, net	**(46.3)**	17.5
Sourcing service income[7]	**(40.3)**	–
Product development and transitional service expenses[8]	**1.7**	–
Adjusted EBITDA	**83.9**	193.3

7 The sourcing service income represented the fee charged by the continuing operations on value-added sourcing services provided to SharkNinja non-APAC business over a transitional period after the Spin-off (from 31 July 2023 to 30 June 2025). For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024 and the circular of the Company dated September 18, 2023.

8 Such expenses represented the transition service provided by SharkNinja non-APAC business to the continuing operations after the Spin-off, including developing market tailored products for Asia Pacific regions for a term of three years (from 31 July 2023 to 31 July 2026) and providing certain transition services, including various information technology and back-office services as well as limited and shorter-term front-office services, a term of two years (from 31 July 2023 to 31 July 2025). For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024.

Management Discussion and Analysis

The following table shows the Group's adjusted net profit, EBITDA and adjusted EBITDA from both continuing and discontinued operations:

	For the year ended December 31,	
	2023	2022
	(in US$ million)	
Profit for the year	**150.0**	357.5
Add:		
Items arising from acquisition and relating to the Reorganization	**11.4**	19.6
Amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja	**11.4**	19.6
Non-recurring items and items not related to the Company's ordinary course of business	**68.4**	48.5
Stock-based compensation[9]	**58.2**	19.1
Special professional service fee and bonus related to Spin-off project	**85.8**	–
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(13.9)**	–
(Gain)/loss on financial assets at fair value through profit or loss, net	**(46.3)**	18.1
Loss/(gain) on fair value change from derivative financial instruments	**23.2**	(22.7)
Sourcing service income[10]	**(40.3)**	–
Product development and transitional service expenses[11]	**1.7**	–
One-off bonus	**–**	34.0
Adjusted net profit	**229.8**	425.6
Attributable to:		
Owners of the parent	**214.7**	393.8
Non-controlling interests	**15.1**	31.8
	229.8	425.6

9 The amount in 2022 included stock-based compensation of US$12.2 million and an one-off adjustment of US$6.9 million on employee receivables related to stock-based compensation.

10 The sourcing service income represented the fee charged by the continuing operations on value-added sourcing services provided to SharkNinja non-APAC business over a transitional period after the Spin-off (from 31 July 2023 to 30 June 2025). For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024 and the circular of the Company dated September 18, 2023.

11 Such expenses represented the transition service provided by SharkNinja non-APAC business to the continuing operations after the Spin-off, including developing market tailored products for Asia Pacific regions for a term of three years (from 31 July 2023 to 31 July 2026) and providing certain transition services, including various information technology and back-office services as well as limited and shorter-term front-office services, for a term of two years (from 31 July 2023 to 31 July 2025). For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024.

	For the year ended December 31, 2023 (in US$ million)	2022
Profit before tax	**210.8**	456.7
Add:		
Finance cost	**41.3**	47.4
Depreciation and amortization	**86.1**	128.0
Bank interest income	**(9.5)**	(7.6)
EBITDA	**328.7**	624.5
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	**68.4**	48.5
Stock-based compensation[12]	**58.2**	19.1
Special professional service fee and bonus related to Spin-off project	**85.8**	–
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(13.9)**	–
(Gain)/loss on financial assets at fair value through profit or loss, net	**(46.3)**	18.1
Loss/(gain) on fair value change from derivative financial instruments	**23.2**	(22.7)
Sourcing service income[13]	**(40.3)**	–
Product development and transitional service expenses[14]	**1.7**	–
One-off bonus	**–**	34.0
Adjusted EBITDA	**397.1**	673.0

12 The amount in 2022 included stock-based compensation of US$12.2 million and an one-off adjustment of US$6.9 million on employee receivables related to stock-based compensation.

13 The sourcing service income represented the fee charged by the continuing operations on value-added sourcing services provided to SharkNinja non-APAC business over a transitional period after the Spin-off (from 31 July 2023 to 30 June 2025). For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024 and the circular of the Company dated September 18, 2023.

14 Such expenses represented the transition service provided by SharkNinja non-APAC business to the continuing operations after the Spin-off, including developing market tailored products for Asia Pacific regions for a term of three years (from 31 July 2023 to 31 July 2026) and providing certain transition services, including various information technology and back-office services as well as limited and shorter-term front-office services, for a term of two years (from 31 July 2023 to 31 July 2025). For more details, please refer to the announcements of the Company dated July 31, 2023 and April 5, 2024.

Management Discussion and Analysis

The non-IFRS measures used by the Group adjusted for, among other things, (i) amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja, (ii) stock-based compensation, (iii) special professional service fee and bonus related to spin-off project, (iv) gain or loss on disposal of property, plant and equipment, investment property, associates and subsidiaries, (v) gain or loss on financial assets at fair value through profit or loss, net, (vi) loss or gain on fair value change from derivative financial instruments, (vii) sourcing service income, (viii) product development and transitional service expenses and (ix) certain non-recurring bonuses which may be considered recurring in nature but are neither considered by the Group as related to the Group's ordinary course of business nor indicative of the Group's ongoing core operating performance. Therefore, the Group believes that these items should be adjusted for when calculating adjusted EBITDA and adjusted net profit, as applicable, in order to provide potential investors with a complete and fair understanding of the Group's core operating results and financial performance, so that potential investors can assess the Group's underlying core performance undistorted by items unrelated to the Group's ordinary course of business operations, especially in (i) making period-to-period comparisons of, and assessing the profile of, our operating and financial performance, and (ii) making comparisons with other comparable companies with similar business operations but without any material acquisition.

Liquidity and financial resources

Inventory

The Group's inventory decreased by 81.4% from approximately US$646.3 million as of December 31, 2022 to approximately US$120.1 million as of December 31, 2023. Such decrease was mainly due to exclusion of inventory balance of the discontinued operation at the end of the Reporting Period. Inventory turnover days[15] decreased from 69 days in 2022 to 51 days in 2023.

Trade and bills receivables

The Group's trade receivables decreased by 67.0% from approximately US$1,198.0 million as of December 31, 2022 to approximately US$395.8 million as of December 31, 2023. The decrease was mainly due to exclusion of trade receivables of the discontinued operation at the end of the Reporting Period. Trade receivables turnover days[16] decreased from 131 days in 2022 to 93 days in 2023.

15 Average inventories equal inventories at the beginning of the period plus inventories at the end of the period, divided by two. Turnover of average inventories equals average inventories divided by cost of sales and multiplied by the number of days in the period. It was calculated based on the inventories from continuing operations as of December 31, 2022.

16 Average trade and bills receivables equal trade and bills receivables at the beginning of the period plus trade and bills receivables at the end of the period, divided by two. Turnover of average trade and bills receivables equals average trade and bills receivables divided by revenue and then multiplied by the number of days in the period. It was calculated based on the trade and bills receivables from continuing operations as of December 31, 2022.

Trade and bills payables

The Group's trade payables decreased by 31.3% from approximately US$687.5 million as of December 31, 2022 to approximately US$472.4 million as of December 31, 2023. Trade payables turnover days[17] decreased from 260 days in 2022 to 202 days in 2023.

During the Reporting Period, the Group funded its operations, working capital, capital expenditure and other capital requirements primarily from (i) bank borrowings; and (ii) cash generated from operations.

As of December 31, 2023, the Group had cash and cash equivalents of approximately US$319.8 million as compared to US$504.1 million as of December 31, 2022. The cash and cash equivalents of the Group are mainly denominated in HK$, RMB and US$.

As of December 31, 2023, the Group did not have any borrowings as all interest-bearing bank borrowings as at December 31, 2022 were repaid during the year.

Gearing ratio

As of December 31, 2023, the Group's gearing ratio (calculated as the total debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity) was 0.8%, as compared with 45.6% as of December 31, 2022. The decrease was primarily attributable to repayment of all bank borrowings during the Reporting Period.

Foreign exchange risk

The Group's currency exposures arise from sales or purchases by business units in currencies other than their respective functional currencies.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency exchange rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As the borrowings of the Group are preliminarily denominated in US$, the interest rates on its borrowings is primarily affected by the benchmark interest rates set by LIBOR.

The Group manages its interest rate risk by closely monitoring and regulating the debt portfolio of the Group and will consider entering into interest rate swap contracts should the need arise.

Charge on assets

As of December 31, 2023, no any equity interests of the Group's subsidiaries nor any deposits had been pledged to secure the Group's borrowings.

[17] Average trade and bills payables equal trade and bills payables at the beginning of the period plus trade and bills payables at the end of the period, divided by two. Turnover of average trade and bills payables equals average trade and bills payables divided by cost of sales and then multiplied by the number of days in the period. It was calculated based on the trade and bills payables from continuing operations as of December 31, 2022.

Management Discussion and Analysis

Capital expenditures

The capital expenditure of the Group consists of additions to property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and other intangible assets, including assets from the acquisition of a subsidiary. For the Reporting Period, capital expenditures of the Group from continuing operations amounted to approximately US$10.4 million (2022 (restated): US$18.2 million).

Contingent liabilities

As of December 31, 2023, the Group did not have any significant contingent liabilities.

Capital commitments

The Group had the following capital commitments at the end of the Reporting Period:

	2023 **US$'000**	2022 US$'000
Contracted, but not provided for:		
Property, plant and equipment	**–**	27,396
Business combination	**17,783**	–
Intangible assets	**–**	2,888
	17,783	30,284

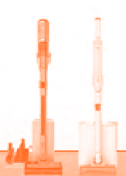
As at December 31, 2022, the commitments contracted but not provided are all attributable to the discontinued operation.

PROSPECT & STRATEGY

Growth Strategies

The Group is committed to achieving sustainable growth in continuing operations through the following strategies:

- develop and commercialize innovative small home appliance products, combining powerful technology with appealing designs;
- Develop localized products for different markets through in-depth consumer insights;
- Drive growth through sales network and product category expansion;
- Increase consumer interaction through creative marketing campaigns to enhance brand awareness and brand influence of Joyoung and SharkNinja;
- Enter new markets with flexibility through direct operations or regional distributor partnerships;
- Maximize synergies between the Joyoung and SharkNinja APAC segment; and
- pursue potential strategic partnerships and acquisitions.



As far as Joyoung segment is concerned, in recent years, the Chinese government has launched policies and guidelines to support the upgrading and development of the household appliance industry, encourage the replacement of traditional consumer goods represented by household appliances with new ones, and promote the consumption of household appliances from the perspective of recycling economy. All these efforts signify the great importance Chinese Mainland attaches to and the proactive guidance it provides for the household appliance consumer market, with the aim of boosting domestic demand and promoting the high-quality development of the household appliance industry through a variety of effective measures.

As a leading brand in the domestic small household appliance industry in Chinese Mainland, the Company will continue to focus on its principal business of small household appliances, and will concentrate on users' needs to promote the retail-oriented high-quality development. Amidst the fast-changing and uncertain environment, the management of the Company will embrace change and employ a variety of new approaches and methods to cope with the complicated and severe changes. At the same time, the management of the Company will venture to capture development opportunities in new categories, new channels and new fields, and actively bring into play its core competitiveness in more proactive market insights, product research and development, and marketing capabilities, in order to tap into the market space with greater demand and potential, and thus achieve sustainable leadership in industry development.

The Joyoung segment will continue to expand and strengthen the brand asset value of "Home Kitchen", "Charity Kitchen" and "Space Kitchen", with a firm determination to further develop the product lines of small kitchen appliances, water appliances, cleaning appliances, personal care appliances and cookware, seek to maximize the synergy of Joyoung brand and Shark brand, actively respond to the changing market environment, continue to develop the advantages of insight into consumer needs and prompt actions to meet their needs, and devote all-round efforts to explore new sales channels driven by retail sales, remaining committed to building the Company into a leader of high-quality small household appliance with a full spectrum of products.

As far as the SharkNinja APAC segment is concerned, we will focus on the development and expansion of business in the region of Asia Pacific (except Chinese Mainland). According to the latest data, the APAC markets (excluding Chinese Mainland) comprises about 40% of the world's population with around 870 million households. SharkNinja APAC segment will strategically focus on the top 25 cities in APAC region, selling quality innovative small home appliances to approximately 75 million households.

The growth strategy for the SharkNinja APAC segment focuses on three dimensions, namely the growth of existing categories, the launch of new categories and the expansion to new markets:

- Growth of existing categories: we will strive to succeed in core categories, such as in the categories of cordless vacuums and high speed blender, we will continue to introduce new products to capture consumer attention.
- Launch of new categories: we will continue to introduce product categories that have proven successful in other markets in existing markets.
- Expansion to new markets: we are committed to exploring other potential markets in the Asia Pacific region to provide customers with Shark and Ninja-branded products.

Management Discussion and Analysis

The mission of SharkNinja APAC segment is to positively impact people's living qualities in every home in APAC. Our strategy is rooted in deep consumer understanding to enable us to provide the tailored and cost-effective product offerings at optimal value.

Within existing categories, we strive to deliver innovative products that directly address the distinct needs and preferences of APAC customers further driving market share in existing markets. In Japan, for instance, we have specifically designed lightweight cordless vacuums products for Japanese customers, and we are the market leader in key areas that matter most to our consumers, including product performance, weight and noise levels. In addition, we launch new products more frequently than most of our competitors in the market.

Our growth strategy also encompasses expansion into adjacent categories where we have identified strong potential for success. During the Reporting Period, we make our foray into the personal care category with the introduction of hair care products in APAC region. The launch of these categories exemplifies our commitment to diversifying our portfolio and leveraging our technological expertise to provide superior solutions in new categories. In the future, we will endeavor to bring more product categories to different markets in the APAC region to enrich the product portfolio in each market.

Expanding our geographic footprint is another integral aspect of our growth strategy. As such, we are proactively assessing uncharted markets across the APAC region and developing tailored go-to-market strategies that will enable successful launches in these countries. For new countries and regions, we will actively promote our brand image and consumer awareness, and increase product trial rates.

Our growth strategy is focusing on meeting the needs of our consumers, winning in core categories, and identifying opportunities for expansion, both in terms of product categories and geographical markets. We believe this three-pronged approach will drive sustainable growth of SharkNinja APAC segment.

We will pay continuous attention to and explore ever-changing needs of consumers. Relying on the R&D platform of Joyoung segment and SharkNinja Group, we will continue to launch innovative products suitable for local areas through customized product solutions by the Asia-Pacific R&D team. We will also create winning products and diversified product matrix leveraging our strong marketing and media communication capabilities and omni-channel sales network.

Global Macroeconomic Factors

In 2023, continuous volatility in energy prices and geopolitical tensions in some regions have exacerbated global inflationary pressures, affecting consumers' spending on optional consumer products.

In 2023, we navigated concerns about an economic recession and consumption downgrade in some of the markets that we operate in. Consumers were more focused on buying products during promotional periods rather than when products are sold at full price or less discount particularly in Chinese Mainland where consumers have become more price-sensitive to homogenized products. Nonetheless, overall economic performance in APAC was relatively solid, supported by a rapid recovery in the region's consumer markets and an accelerated digital transformation.

Looking ahead, the global macro-economy is expected to gradually recover from the current uncertainty, although the pace of recovery may vary from region to region. In particular, in the APAC region, the consumer market is expected to continue to expand as the impact of the epidemic fades, creating new growth opportunities for our industry. We believe consumer demand for our products will remain strong as we continue to introduce innovative products and invest in marketing campaigns in different markets.

Biographies of Directors and Senior Management

DIRECTORS

Mr. WANG Xuning (王旭寧), age 55, has been the Chairman and Chief Executive Officer of the Company since June 25, 2019, and the executive Director since July 2018. He has been the Chairman of the Strategy Committee and Nomination Committee of the Company since the listing date of the Company. Mr. WANG has held several positions within the Group, including that he served as the Chairman of Joyoung from September 2007 to December 2022, and the General Manager and the President of Joyoung from September 2007 to March 2019. In the meanwhile, Mr. Wang is currently the chairman of the board of the SharkNinja, Inc. He was the Global Chief Executive Officer of the SharkNinja SPV from September 2019 to July 2024 and a director of the SharkNinja Sales Company before completing a significant strategic restructuring of the Group, and served as a director of SharkNinja Operating LLC from April 2019 to July 2023. In 1994, Mr. WANG founded our Group by first conducting research and development on fully automatic soymilk maker. Mr. WANG received several awards and recognitions for his industry expertise, including being awarded the Ernst & Young (China) Entrepreneur Award (安永(中國)企業家獎) in 2012, being listed as one of the "Top Ten Innovative Figures in Household Appliance Industry of China (中國家電十大創新人物)" by people.com.cn (人民網) in December 2008 and he received the Highest Technology Award of Jinan (濟南市科技最高獎) in 2011. Mr. WANG was recognized as a senior engineer in October 1999.

Mr. WANG received a Bachelor's degree in electric traction and transmission control from Beijing Jiaotong University (北京交通大學) (formerly known as North Jiaotong University (北方交通大學)) in China in July 1991, and a Master of Business Administration from China Europe International Business School (中歐國際工商學院) in China in October 2003.

Ms. HAN Run (韓潤), age 44, has been an executive Director and the Chief Financial Officer since June 25, 2019 and a member of the Remuneration Committee of the Company since the listing date of the Company. Ms. HAN has held several positions within the Group, including serving as the Vice Chairwoman of Joyoung, the Board Secretary and Vice General Manager of Joyoung from March 2015 to March 2019, and the Vice President of Joyoung from March 2007 to March 2015. Ms. Han has ceased to serve as a director of the SharkNinja SPV after completing a significant strategic restructuring of the Group. In addition, Ms. HAN also holds several positions within non-commercial organizations. She has served as the Vice President of China Household Electrical Appliances Association (中國家用電器協會) since December 2015 and a member of Shandong Jinan Committee of the Chinese People's Political Consultative Conference (CPPCC) since January 2022. She served as a member of the eighth and ninth sessions of the Huaiyin District Committee of the CPPCC (政協槐蔭區委員會) from 2012 to January 2022. Ms. HAN was granted the "New Fortune Gold Medal Board Secretary (新財富金牌董秘)" by New Fortune magazine in April 2019, the "Industry Elite Award (行業精英獎)" at the 30th anniversary ceremony of the China Household Electrical Appliances Association (中國家用電器協會) in December 2018, the "Advanced Individual of Enterprise Intellectual Property (企業智慧財產權工作先進個人)" by the State Intellectual Property Office (國家智慧財產權局) in December 2016, as well as the "First Award of the Science and Technology Progress of China Light Industry Council (中國輕工業聯合會科學技術進步一等獎)" by the China Light Industry Council (中國輕工業聯合會) in 2014.

Ms. HAN received an Executive Master of Business Administration from Guanghua School of Management of Peking University (北京大學光華管理學院) in China in January 2014.

Biographies of Directors and Senior Management

Ms. HUANG Shuling (黃淑玲), age 60, has been an executive Director since June 25, 2019. Ms. HUANG has also been an executive director of Shanghai Lihong since November 2010, and the Chairwoman and General Manager of Shanghai Lihong since December 2018. She served as the Vice Chairwoman of Joyoung from September 2007 to March 2019, and the Chairwoman of Shandong Joyoung Small Appliance Limited from July 2002 to September 2007. Ms. HUANG co-founded our Group in October 1994. She has also held several other positions within non-commercial organizations, including serving as a standing committee member of the Twelfth Session of Executive Committee of All-China Federation of Industry and Commerce (中華全國工商業聯合會第十二屆執行委員會) since November 2017. She is also currently the Vice Chairwoman of the Association of Industry and Commerce of Shandong (山東省工商業聯合會) and a standing committee member of the twelfth session of the Shandong Committee of the CPPCC (政協山東省委員會).

Ms. HUANG received a Bachelor of Economics in planning statistics from Shandong University of Finance and Economics (山東財經大學) (formerly known as Shandong Economic School (山東經濟學院)) in Shandong, China in July 1987, and an Executive Master of Business Administration in senior management business administration from Cheung Kong School of Business (長江商學院) in Beijing, China in September 2007.

Non-executive Director

Mr. Stassi Anastas ANASTASSOV, age 62, has been a non-executive Director since June 25, 2019 and a member of the Strategy Committee of the Company since the Listing Date. He has served as a Senior Consultant in Total Shareholder Return Limited, a private equity-focused advisory firm, since July 2015. He served as the U.S.A. Global President and Chief Executive Officer of Duracell Company, a former division of Procter & Gamble ("**P&G**"), from November 2010 to January 2015. From 2001 to November 2010, he served as a Vice President at P&G, being responsible for babycare products, feminine care products and snacks in the Central Europe, Eastern Europe, Middle East and Africa markets. From July 1999 to June 2001, he was a General Manager of P&G responsible for Near East Markets (including Lebanon, Jordan, Syria and Israel) and the Eastern Europe market (Moscow). From May 1987 to August 1999 he held different positions within P&G, successively serving as an Assistant Brand Manager being responsible for babycare products in France, a Brand Manager being responsible for paper and dish products in Nordic, a Marketing Manager being responsible for laundry and cleaning products in Nordic, a Marketing Director in charge of marketing operations in Russia and a General Manager being responsible for Russian business operations covering laundry, cleaning, baby and feminine products.

Mr. ANASTASSOV received a bachelor's degree in business administration and economics from Uppsala University in Sweden in June 1987.

Independent Non-Executive Directors

Mr. Yuan DING, aged 54, has been an independent non-executive Director, the Chairman of the Audit Committee, a member of the Nomination Committee and a member of the Strategy Committee of the Company since August 29, 2022. He served as a tenured professor in accounting and management control at the HEC School of Management in Paris, France from September 1999 to September 2006. He joined China Europe International Business School since September 2006, and currently serves as the Cathay Capital Chair Professor in Accounting. Mr. DING has served as an independent non-executive director of Man Wah Holdings Limited (敏華控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1999) and Health and Happiness (H&H) International Holdings Limited (健合(H&H)國際控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1112) since December 2016 and since January 2023, respectively. He has been an independent non-executive director of Bluestar Adisseo Company (藍星安迪蘇股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600299), since August 2018 and a non-executive director of Saurer Intelligent Technology Co. Ltd (卓郎智能技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600545), since May 2018. Since January 2021, Mr. DING has also served as an independent non-executive director of Shanghai Large & Kunchi Group Inc. (上海路捷鯤馳集團股份有限公司), a private consumer goods company. Mr. DING was an independent non-executive director of Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) (stock code: 1528) from March 2012 to November 2018 and Landsea Green Properties Co., Ltd. (朗詩綠色地產有限公司) (stock code: 106) from July 2013 to May 2019, respectively, both of which are listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Jaccar Holdings, a private investment company, from July 2011 to August 2021. Mr. DING was an independent director and the chairman of the audit committee of Anhui Gujing Distillery Co., Ltd. (安徽古井貢酒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000596), from June 2008 to June 2011 and at TCL Corporation (TCL集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000100), from June 2008 to June 2014. From July 2011 to June 2015, he was a director and the chairman of the audit committee of Maglndustries Corp., a company listed on the Toronto Stock Exchange (stock code: MAA). Mr. DING has more than twenty years of experience in teaching and researching financial accounting, financial statement analysis, corporate governance and mergers and acquisitions.

Mr. DING graduated with a Doctor of Philosophy degree in management science from the College of Business Administration, Bordeaux IV University in France in December 2000. He also obtained a master's degree in Enterprises Administration from the University of Poitiers, France in June 1995.

Mr. YANG Xianxiang (楊現祥), age 57, has been an independent non-executive Director since October 11, 2019, and a member of the Strategy Committee, Audit Committee, Nomination Committee and Remuneration Committee of the Company since the listing date of the Company, and re-designated from a member to the chairman of the Remuneration Committee since July 30, 2023. Mr. YANG has been a director and the chief executive officer of SITC International Holdings Co., Ltd, a company listed on the Stock Exchange (Stock Code: 1308) since January 2008 has served as a non-independent director of Shanghai Fortune Techgroup Co., Ltd (上海潤欣科技股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300493), since May 18, 2021. He has over 30 years of experience in the shipping industry through his employment in the shipping companies. From July 1987 to July 1997, Mr. YANG served for Lufeng Shipping Co., Ltd. Mr. YANG has served successively as general manager, executive vice president and president of SITC since 1997.

Mr. YANG received an Executive Master of Business Administration from China Europe International Business School (中歐國際工商學院) in China in April 2006.

Biographies of Directors and Senior Management

Mr. SUN Zhe (孫哲), aged 58, has been a non-executive Director and a member of the Strategy Committee of the Company since April 29, 2022, and re-designated as independent non-executive Director and appointed as a member of the Audit Committee and Remuneration Committee since July 30, 2023. He is currently the co-director of China Program and senior visiting scholar at the School of International and Public Affairs of Columbia University. He is the founding director of the Center for U.S.-China Relations at Tsinghua University. He was a professor of International Affairs and doctoral supervisor of Tsinghua University from 2006 to 2016 and a professor and deputy director of the Center for American Studies at Fudan University from 2000 to 2006. Mr. SUN has taught at the East Asian Institute, Columbia University and Ramapo College, New Jersey. He is the author and editor of twenty-three books on comparative politics and U.S.-China relations. Mr. SUN has served as an independent non-executive director of China Resources Land Limited (Stock code: 1109) since April 2017 and served as an independent non-executive director of MGM China Holdings Limited (Stock code: 2282) from September 2010 to May 2021. The shares of these companies are all listed on The Stock Exchange of Hong Kong Limited.

Mr. SUN obtained a Bachelor's and a Master's degree in law from Fudan University in 1987 and 1989 respectively and obtained a Doctor's degree in political science and international relations from Columbia University in 2000. He also obtained a Master of Art degree majoring in political science from Indiana State University in 1992.

SENIOR MANAGEMENT

Mr. WANG Xuning (王旭寧), age 55, is the Chairman, Chief Executive Officer and an executive Director of the Company. See "– Directors – Executive Directors."

Ms. HAN Run (韓潤), age 44, is an executive Director and the Chief Financial Officer of the Company and the Vice Chairwoman of Joyoung. See "– Directors – Executive Directors" above.

Ms. YANG Ningning (楊寧寧), age 45, has served as the President and a director of the board of Joyoung since March 2019 and October 2010 respectively, and has been re-designated to the Chairwoman of Joyoung since December 2022. She also served as the Chairwoman of SharkNinja (China) Technology Co., Ltd. since August 2018. She had also served as the Vice President of Joyoung from April 2014 to March 2019, and the Chief Financial Officer of Joyoung from September 2007 to October 2013.

Ms. YANG received the Executive Master of Business Administration from the City University of Hong Kong in October 2019.

Mr. GUO Lang (郭浪), age 49, has served as the General Manager of Joyoung since December 2022. Mr. GUO has sufficient experience in consumer goods operations, who had served as the National Sales Director and President of Greater China Region of Dyson Technology (Shanghai) Limited, the National Sales Director of L'OREAL (CHINA) Co., Ltd. for the Carnier brand and the sales manager of Procter&Gamble (Guangzhou) Ltd.

Mr. GUO received his Bachelor of Engineering degree in Industrial and Foreign Trade from Hunan University in July 1993.

Mr. KAN Jiangang (闞建剛), aged 42, has served as the Chief Financial Officer of Joyoung since March 2022. He also served as Financial Director of the Company from July 2020 to February 2022, as overseas Financial Director of Tianqi Lithium Corporation from April 2018 to February 2020, and had successively held several financial positions from Financial Manager to Financial Director in Regional Business Units of Robert Bosch Group from March 2009 to March 2018.

Mr. KAN received a Master of Professional Accounting from Monash University in Victoria, Australia in December 2007, and qualified as a Chartered Accountant from The Institute of Chartered Accountants in Australia in February 2013.

Report of the Directors

The Board is pleased to present this annual report and the audited financial statements of the Group for the year ended December 31, 2023.

The Company was incorporated in the Cayman Islands on July 26, 2018 as an exempted company with limited liability. The Shares were listed on the Main Board of the Stock Exchange on December 18, 2019.

SHARE CAPITAL

Details of the share capital of the Company during the year ended December 31, 2023 are set out in note 37 to the financial statements.

PRINCIPAL BUSINESSES AND ACTIVITIES

The Group is a global leader in high-quality, innovative small household appliances with a number of successful and trusted brands worldwide, including Shark, Ninja and Joyoung. After completion of significant strategic restructuring, the Group's business is rooted in the PRC and the Asia Pacific regions by catering to local needs in different markets.

BUSINESS REVIEW

A fair review of the Group's business is set out in the Chairman's Statement, Business Overview, Financial Review and Outlook and Strategy sections of this Annual Report.

DIVIDEND POLICY

The declaration and payment of dividends shall be determined at the sole discretion of the Board. The Board shall also take into account the following factors when considering whether to propose dividends and determining the dividend amount:

(i) the Group's actual and expected financial performance;

(ii) retained earnings and distributable reserves of the Company and each of the members of the Group;

(iii) the Group's working capital requirements, capital expenditure requirements and future expansion plans;

(iv) the Group's liquidity position;

(v) contractual restrictions under the facilities agreement on the payment of dividends by the Company to the Shareholders or by the Company's subsidiaries to the Company;

(vi) taxation considerations;

(vii) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(viii) other factors that the Board deems relevant.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on May 22, 2024. The notice of the Annual General Meeting will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsgloballife.com) and despatched to the Shareholders who wish to receive a printed copy of the corporate communication in due course.

PAYMENT OF FINAL DIVIDEND

As the Group has just completed the significant strategic restructuring, the operating funds obtained are planned to be invested in developing the Asia-Pacific market. Therefore, the Board does not recommend the payment of final dividend for the year ended December 31, 2023 (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from May 17, 2024 to May 22, 2024 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on May 16, 2024.

AUDIT COMMITTEE

The Audit Committee, consisting of three independent non-executive Directors, namely Mr. Yuan DING (Chairman), Mr. YANG Xianxiang and Mr. SUN Zhe, has discussed with the external auditor of the Company, Ernst & Young, and reviewed the Group's consolidated financial information for the year ended December 31, 2023, including the accounting principles and practices adopted by the Group.

RESERVES

Details of movements in the reserves of the Company during the year ended December 31, 2023 are set out in note 39 of the financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2023, the amount of reserves available for distribution of the Company was approximately US$76,352,000.

DONATIONS

During the year ended December 31, 2023, the Company and its subsidiaries made charitable donations from continuing operations of approximately US$590,000 (2022: US$1,125,000).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2023, the Group's largest customer accounted for 12% and five largest customers accounted for 22% of the Group's total revenue from continuing operations. For the year ended December 31, 2023, purchases from the Group's largest supplier accounted for 5% and five largest suppliers accounted for 22% of the Group's total purchases from continuing operations.

During the year ended December 31, 2023, to the knowledge of the Directors, none of the Directors, their close associates, or Shareholders (which, to the knowledge of the Directors, owned more than 5% of the number of issued Shares) had interests in the five largest suppliers or customers of the Company.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF ASSETS

Regarding a distribution in specie of all of the Company's shares held in SharkNinja Inc. to all the Shareholders on a pro-rata basis, the Spin-off and distribution was duly passed as an ordinary resolution at the extraordinary general meeting held on June 26, 2023. The separate listing of SharkNinja Group was completed, and the dealing in its shares commenced on July 31, 2023 (New York time). Since then, the Company has no longer held any shares of SharkNinja Inc., and SharkNinja Inc. has fully demerged and deconsolidated from the Company. As such, the Group will derecognize the assets and liabilities of the SharkNinja Group from the consolidated statements of financial position. For more details, please refer to announcements of the Company dated February 23, June 6, June 28, July 3, July 14, July 31 and September 29, 2023, and the circular of the Company dated June 5, 2023 in relation to the Spin-off and the distribution.

Save as disclosed above, the Group did not have any significant investments, and did not carry out any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On January 31, 2024, the Company as a borrower, entered into a facility agreement (the "**Facility Agreement**") with banks as arrangers and agents, for a loan facility of US$100,000,000 (the "**Facility**"). The final maturity date of the Facility shall initially be the date falling 364 days after the date of the Facility Agreement and shall, subject to the terms and conditions therein, be extended to the date falling 36 months after the date of the Facility Agreement. Pursuant to the Facility Agreement, the total commitment under the Facility may be cancelled and all amounts outstanding under the Facility may become immediately due and payable, if, amongst other things, Mr. Wang does not or ceases directly or indirectly to control more than 50.1% of the voting rights at a general meeting of the Company or serve as the chairman of the Board.

Report of the Directors

DIRECTORS

The Directors for the year ended December 31, 2023 and up to the Latest Practicable Date were:

Executive Directors

WANG Xuning (Chairman and Chief Executive Officer)

HAN Run (Chief Financial Officer)

HUANG Shuling

Non-executive Directors

Stassi Anastas ANASTASSOV

HUI Chi Kin Max (resigned on July 30, 2023 due to his other business engagements)

Independent Non-executive Directors

Yuan DING

YANG Xianxiang

SUN Zhe (re-designated as an independent non-executive Director on July 30, 2023)

Timothy Roberts WARNER (resigned on July 30, 2023 due to his other business engagements)

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent.

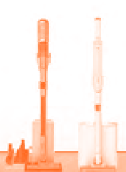
SERVICE CONTRACTS OF DIRECTORS

The Company has entered into service contracts or appointment letters with all executive Directors and non-executive Directors for a term of three years, and with all independent non-executive Directors for a term of three years, or which shall be terminated pursuant to relevant terms of respective contracts or letters of appointment.

None of the Directors has entered into any service contract with the Company or any of its subsidiaries which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Latest biographical information of the directors of the Company is set out on pages 33 to 36 of this annual report. Save as disclosed, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



MANAGEMENT CONTRACTS

During the year ended December 31, 2023, the Company did not enter into any contract, other than the contracts of service with the Directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there were no other transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors or the controlling shareholders of the Company had a material interest, whether directly or indirectly, as at December 31, 2023 or during the Reporting Period.

INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

To the best knowledge of the Directors, save as disclosed below, none of the Directors had any interest in any business which directly or indirectly competes or is likely to compete with the business of the Group:

(i) Jiuyang Bean: As of the Latest Practicable Date, Hangzhou Jiuyang Bean Industry Limited (杭州九陽豆業有限公司) ("**Jiuyang Bean**"), was owned as to approximately 42.5%, 25.5%, 15% and 17% by Ningbo Meishan Free Trade Port Area Lihao Investment Limited (寧波梅山保稅港區力豪投資有限公司) ("**Lihao Investment**"), Solar Blue (HK) Limited ("**Solar Blue**"), Ningbo Meishan Free Trade Port Jiudouyuan Enterprise Management Partnership (Limited Partnership) (寧波梅山保稅港區九豆源企業管理合夥企業 (有限合夥)) and Mr. Cai Xiujun, an independent third party respectively. Solar Blue was wholly owned by Mr. Wang Xuning. Lihao Investment was held as to 83.75% by Shanghai Hezhou Investment Co., Ltd., which was indirectly by Mr. Wang Xuning as to 61.85%. Jiuyang Bean generally provides soymilk powder and commercial soymilk makers; and

(ii) Hangzhou Yibei: During the Year, Hangzhou Yibei Food Technology Company Limited (杭州易杯食品科技有限公司) ("**Hangzhou Yibei**") was directly held as to approximately 54.08% by Mr. WANG Xuning and his close associate. Hangzhou Yibei primarily provides capsule machines, drinks capsules and other capsule machine accessories, and completed the de-registration proceedings on August 11, 2023.

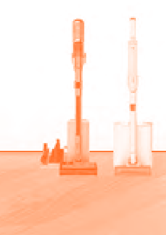
On the basis that (i) the Group's products have different usage scenarios from the products of Jiuyang Bean, as the Group's products are generally for home use and targeted at individual customers while Jiuyang Bean generally provides soymilk powder and commercial soymilk makers to factories, schools, stores and restaurants; and (ii) the Group's household appliance products, especially soymilk makers and blenders have different usage scenarios as Hangzhou Yibei's capsule machines, as our soymilk makers and blenders are primarily used in household kitchens to make soymilk, juice and other drinks, while Hangzhou Yibei's capsule machines mainly target at hotels, restaurants and offices to produce drinks such as coffee and milk tea, the Directors are of the view that these businesses would not give rise to any material competition issue under Rule 8.10 of the Listing Rules.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of December 31, 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange under the Model Code, were as follows:

(i) Interest in Shares of the Company

Name of Director or chief executive	Nature of interest	Long position/ short position	Number of Shares	Approximate percentage of shareholding in the Company[(1)]
Mr. Wang Xuning[(2)(3)]	Founder of a discretionary trust who can influence how the trustee exercises his discretion, interest in controlled corporations, interest held jointly with other persons	Long position	1,934,882,576	55.69%
	Beneficial interest	Long position	81,170,295	2.34%
Ms. Han Run[(2)(4)]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	Long position	1,603,578,331	46.15%
	Beneficial interest	Long position	28,132,073	0.81%
Ms. Huang Shuling[(2)(5)]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	Long position	1,603,578,331	46.15%
Mr. Yang Xianxiang	Beneficial interest	Long position	100,000	0 00%



Notes:

(1) The approximate percentage of shareholding in the Company was calculated based on the total number of issued Shares, which was 3,474,571,777 as of December 31, 2023.

(2) JS&W Global Holding Limited Partnership ("**JS&W**", formerly known as JS Holding Limited Partnership) directly held 1,603,578,331 Shares. Hezhou Company Limited ("**Hezhou**") was the general partner exercising operational control over JS&W. Tong Zhou Company Limited ("**Tong Zhou**") was its limited partner with close to 100% of the limited partnership interest. Hezhou was wholly owned by Mr. Wang Xuning through the holding companies wholly owned by the trustee of the discretionary trust founded by Mr. Wang Xuning (the "**Wang's Family Trust**"). Tong Zhou was owned by the holding companies respectively wholly owned by relevant trustee of several discretionary trusts (where their respective founders may respectively influence how the relevant trustee exercises its discretion), including the Wang's Family Trust, the trust founded by Ms. Han Run (the "**Han's Family Trust**") and the trust founded by Ms. Huang Shuling (the "**Huang's Family Trust**"). Therefore, each of Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling was deemed to be interested in the Shares held by JS&W for the purpose of Part XV of the SFO.

(3) Sol Target Limited ("**STL**"), held 100 management shares (representing 100% voting rights) in Sol Omnibus SPC ("**Sol SPC**"). STL was wholly owned by Xuning Holdings Limited ("**XHL**"). XHL was wholly owned by Wang Family Holdings Limited ("**WFHL**"), which was in turn wholly-owned by Wang Family Global Limited ("**WFGL**", together with XHL and WFHL, the "**Wang's Holding Companies**"). The entire issued share capital of WFGL was directly owned by Trident Trust Company (HK) Limited, being the trustee of the Wang's Family Trust. Mr. Wang Xuning established the Wang's Family Trust for the benefit of himself and his family members. Therefore, Mr. Wang Xuning was deemed to be interested in 331,304,245 Shares held by Sol SPC for the purpose of part XV of the SFO. Together with Mr. Wang Xuning's interest in the Company held through JS&W as described in note (2) above, Mr. Wang Xuning was deemed to be interested in an aggregate of 1,934,882,576 Shares held by JS&W and Sol SPC. In addition, Mr. Wang Xuning was deemed to be interested in 81,170,295 Shares comprising 46,570,295 Shares and 34,600,000 restricted stock units granted to him under the RSU Plan entitling him to receive up to 34,600,000 Shares, subject to vesting.

(4) Run Holdings Limited ("**RHL**") was wholly owned by Hannah Han Family Global Limited ("**HHFGL**"), which was in turn wholly owned by Hannah Han Family Holdings Limited ("**HHFHL**", together with RHL and HHFGL, the "**Han's Holding Companies**"). The entire issued share capital of HHFHL was directly owned by Trident Trust Company (HK) Limited, being the trustee of the Han's Family Trust. Ms. Han Run established the Han's Family Trust, where she can influence how the trustee exercises its discretion, for the benefit of herself and her family members. Ms. Han Run was deemed to be interested in the Shares held by JS&W as described in note (2) above, and therefore Ms. Han Run was deemed to be interested in 1,603,578,331 Shares. In addition, Ms. Han Run was deemed to be interested in 28,132,073 Shares comprising of 11,132,073 Shares and 17,000,000 restricted stock units granted to her under the RSU Plan entitling her to receive up to 17,000,000 Shares, subject to vesting.

(5) Y&W Holdings Limited ("**YWHL**") was wholly owned by L&W Everlasting Holdings Limited ("**LEHL**"), which was in turn wholly owned by Huang Family Global Limited ("**HFGL**", together with YWHL and LEHL, the "**Huang's Holding Companies**"). The entire issued share capital of HFGL was directly owned by Trident Trust Company (HK) Limited, being the trustee of the Huang's Family Trust. Ms. Huang Shuling established the Huang's Family Trust, where she can influence how the trustee exercises its discretion, for the benefit of herself and her family members. Ms. Huang Shuling was deemed to be interested in Shares held by JS&W as described in note (2) above, and therefore Ms. Huang Shuling was deemed to be interested in 1,603,578,331 Shares.

Report of the Directors

(ii) Interest in associated corporations

Name of Director or chief executive	Nature of interest	Long position/ short position	Associated corporations	Number of Shares	Approximate percentage of shareholding in the associated corporation(1)
Ms. Han Run(2)(3)	Beneficial interest and other	Long position	Joyoung	2,040,000	0.27%
Ms. Huang Shuling(2)(4)	Beneficial interest	Long position	Joyoung	272,700	0.04%

Notes:

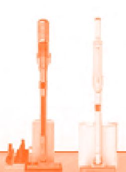
(1) The approximate percentage of shareholding in the associated corporation was calculated based on the total number of issued shares of Joyoung, which was 767,017,000 as of December 31, 2023.

(2) On June 1, 2021, Ms. Han Run and Ms. Huang Shuling were granted 900,000 and 300,000 options, respectively, which entitled them to subscribe for the equivalent number of shares in Joyoung in accordance with certain conditions under the Subsidiary Option Scheme. On March 30, 2022, Ms. Han Run and Ms. Huang Shuling were cancelled 360,000 and 120,000 options due to triggering the conditions under the Subsidiary Option Scheme. On October 27, 2023, Ms. Han Run joined as an eligible participant of JY ESOP I and was awarded 1,000,000 shares of Joyoung held through the designated share repurchase account of Joyoung for her ultimate benefit and the cash proceeds of which will be eventually distributed to her subject to fulfilment of certain performance targets. For more details, please refer to "Subsidiary Share Option Scheme" in this annual report.

(3) Ms. Han Run held 500,000 shares of Joyoung.

(4) Ms. Huang Shuling held 92,700 shares of Joyoung.

Save as disclosed above, so far as the Directors are aware, as of December 31, 2023, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange under the Model Code.

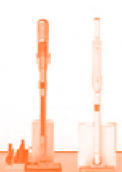


SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of December 31, 2023, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of interest	Long position/ short position	Number of Shares held	Approximate percentage of shareholding in the Company[1]
JS&W[2]	Beneficial interest	Long position	1,603,578,331	46.15%
Hezhou[2]	Interest in controlled corporation	Long position	1,603,578,331	46.15%
Tong Zhou[2]	Interest in controlled corporation	Long position	1,603,578,331	46.15%
HONGTAO Holding Company Limited ("**HJHCL**")[3][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
HONGJIN Family Company Limited ("**HJFCL**")[3][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
HONGJIN Global Company Limited ("**HJGCL**")[3][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
Trident Trust Company (Singapore) Pte. Limited[3][10]	Trustee	Long position	1,603,578,331	46.15%
Mr. Zhu Hongtao[3][10]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	Long position	1,603,578,331	46.15%
Guo De Er Limited ("**GDEL**")[4][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
Wo Er Na Limited ("**WENL**")[4][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
He Guang Limited ("**HGL**")[4][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
Ms. Yang Ningning[4][5][10]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	Long position	1,603,578,331	46.15%
	Beneficial Interest	Long position	11,042,478	0.32%

Name of Shareholder	Nature of interest	Long position/ short position	Number of Shares held	Approximate percentage of shareholding in the Company[1]
YONG JUN Limited ("**YJL**")[6][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
J&Z Family Global Limited ("**JZFGL**")[6][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
Jiang Family Global Limited ("**JFGL**")[6][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
Mr. Jiang Guangyong[6][10]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	Long position	1,603,578,331	46.15%
XHL[7][10]	Interest in controlled corporations, interest held jointly with other persons	Long position	1,934,882,576	55.69%
WFHL[7][10]	Interest in controlled corporations, interest held jointly with other persons	Long position	1,934,882,576	55.69%
WFGL[7][10]	Interest in controlled corporations, interest held jointly with other persons	Long position	1,934,882,576	55.69%
RHL[8][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
HHFGL[8][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
HHFHL[8][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
YWHL[9][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
LEHL[9][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%
HFGL[9][10]	Interest held jointly with other persons	Long position	1,603,578,331	46.15%



Name of Shareholder	Nature of interest	Long position/ short position	Number of Shares held	Approximate percentage of shareholding in the Company[1]
Trident Trust Company (HK) Limited[10][11]	Trustee	Long position	1,934,882,576	55.69%
Sol SPC[11]	Beneficial Interest	Long position	331,304,245	9.54%
STL[11]	Interest in controlled corporation	Long position	331,304,245	9.54%
Easy Home Limited ("**Easy Home**")[12]	Beneficial Interest	Long position	175,236,139	5.04%
CDH Fund V, L.P.[12]	Interest in controlled corporation	Long position	213,292,305	6.14%
CDH V Holdings Company Limited[12]	Interest in controlled corporation	Long position	213,292,305	6.14%
China Diamond Holdings V Limited[12]	Interest in controlled corporation	Long position	213,292,305	6.14%
China Diamond Holdings Company Limited[12]	Interest in controlled corporation	Long position	213,292,305	6.14%

Notes:

(1) The percentage of shareholding in the Company was calculated based on the total number of issued Shares, which was 3,474,571,777 as of December 31, 2023.

(2) JS&W directly held 1,603,578,331 Shares. Hezhou was the general partner exercising operational control over JS&W. Tong Zhou was the limited partner of JS&W with close to 100% of its limited partnership interest. Therefore, each of Hezhou and Tong Zhou was deemed to be interested in 1,603,578,331 Shares held by JS&W for the purpose of Part XV of the SFO.

(3) HJHCL was wholly owned by HJGCL, which was in turn wholly owned by HJFCL (together with HJHCL and HJGCL, the "**Zhu HT's Holding Companies**"). The entire issued share capital of HJFCL is was directly owned by Trident Trust Company (Singapore) Pte. Limited, being the trustee of the family trust established by Mr. Zhu Hongtao (the "**Zhu HT's Family Trust**"). Mr. Zhu Hongtao established the Zhu HT's Family Trust, where he can influence how the trustee exercises his discretion, for the benefit of himself and his family members.

(4) GDEL was wholly owned by WENL, which was in turn wholly owned by HGL (together with GDEL and WENL, the "**Yang's Holding Companies**"). The entire issued share capital of HGL was directly owned by Trident Trust Company (HK) Limited, being the trustee of the family trust established by Ms. Yang Ningning (the "**Yang's Family Trust**"). Ms. Yang Ningning established the Yang's Family Trust, where she can influence how the trustee exercises its discretion, for the benefit of herself and her family members.

(5) Ms. Yang Ningning held 11,042,478 Shares.

Report of the Directors

(6) YJL was wholly owned by JZFGL, which was in turn wholly owned by JFGL (together with YJL and JZFGL, the "**Jiang's Holding Companies**", together with the Wang's Holding Companies, the Han's Holding Companies, the Huang's Holding Companies, the Zhu HT's Holding Companies, and the Yang's Holding Companies, the "**Holding Companies**"). The entire issued share capital of JFGL was directly owned by Trident Trust Company (HK) Limited, being the trustee of the family trust established by Mr. Jiang Guangyong (the "**Jiang's Family Trust**"). Mr. Jiang Guangyong established the Jiang's Family Trust, where he can influence how the trustee exercises its discretion, for the benefit of himself and his family members.

(7) XHL was wholly owned by WFHL, the entire issued share capital of which was in turn wholly owned by WFGL. XHL directly wholly owned Hezhou, the general partner of JS&W, and STL, which in turn held 100% voting rights of Sol SPC. Therefore, each of XHL, WFHL and WFGL was deemed to be interested in 1,934,882,576 Shares comprising of 1,603,578,331 Shares held by JS&W and 331,304,245 Shares held by Sol SPC for the purpose of part XV of the SFO.

(8) RHL was wholly owned by HHFGL, the entire issued share capital of which was in turn wholly owned by HHFHL. The entire issued share capital of HHFHL was directly wholly owned by Trident Trust Company (HK) Limited, being the trustee of the Han's Family Trust, where Ms. Han Run can influence how the trustee exercises its discretion, for the benefit of herself and her family members.

(9) YWHL was wholly owned by LEHL, which is was in turn wholly owned by HFGL. The entire issued share capital of HFGL was directly owned by Trident Trust Company (HK) Limited, being the trustee of the Huang's Family Trust, where Ms. Huang Shuling can influence how the trustee exercises its discretion, for the benefit of herself and her family members.

(10) The Wang's Family Trust, the Han's Family Trust, the Huang's Family Trust, the Zhu HT's Family Trust, the Yang's Family Trust and the Jiang's Family Trust, through Trident Trust Company (HK) Limited or Trident Trust Company (Singapore) Pte. Limited (in the case of the Zhu HT's Family Trust) as their respective trustee (the "**Trustees**") and the Holding Companies, held their interest in the Company through a common investment entity, namely JS&W. As such, each of the Trustees, the Holding Companies, and the founders of relevant discretionary trusts where he/she can influence how the trustee exercises its respective discretion, was deemed to be interested in the 1,603,578,331 Shares held by JS&W for the purpose of Part XV of the SFO.

(11) STL had 100% control in Sol SPC. STL was wholly owned by the Wang's Family Trust through the Wang's Holding Companies, which were wholly owned by its trustee Trident Trust Company (HK) Limited. Therefore, Trident Trust Company (HK) Limited was deemed to be interested in 331,304,245 Shares held by Sol SPC for the purpose of part XV of the SFO.

(12) Easy Home and Comfort Home Limited ("**Comfort Home**") directly held 175,236,139 and 38,056,166 Shares, respectively. Each of Easy Home and Comfort Home was a wholly-owned subsidiary of CDH Fund V, L.P. whose general partner was CDH V Holdings Company Limited. CDH V Holdings Company Limited is held as to 80% by China Diamond Holdings V Limited, which was in turn wholly-owned by China Diamond Holdings Company Limited. Therefore, each of CDH Fund V, L.P., CDH V Holdings Company Limited, China Diamond Holdings V Limited and China Diamond Holdings Company Limited was deemed to be interested in 213,292,305 Shares in aggregate held by Easy Home and Comfort Home for the purpose of Part XV of the SFO.

Save as disclosed herein, as of December 31, 2023, the Company had not been notified by any person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "RSU Plan", "Subsidiary Option Scheme" and "JY ESOP I" below, neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate during the Reporting Period.

EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement during the Reporting Period.

PERMITTED INDEMNITY PROVISION

Pursuant to the Memorandum and Articles of Association and subject to the applicable laws and regulations, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

The Company has maintained appropriate liability insurance for its Directors and senior management.

RSU PLAN

Summary

The following is a summary of the principal terms of the restricted stock unit plan (the "**RSU Plan**") of the Company as approved by the Board on October 9, 2019 and amended by the RSU Committee of the Board on December 14, 2020, June 4, 2021, December 30, 2021 and March 29, 2022. The terms of the RSU Plan are subject to the provisions of Chapter 17 of the Listing Rules.

The purposes of the RSU Plan are to recognize and reward participants for their contribution to the Group, to attract best available personnel to provide service to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group's business. The RSU Plan shall be valid and effective for a period of 10 years since its adoption date. Remaining life of the RSU Plan is 6 years as of the date of this report.

Administration

The RSU Plan shall be subject to the administration of the administrator (the "**Administrator**"), being (i) prior to the Listing, the Board, and (ii) immediately after the consummation of the Listing, the Board or a committee comprising of certain members of our Board as authorized by our Board from time to time for the purpose of administering the RSU Plan, in accordance with the terms and conditions of the RSU Plan. The Administrator may, from time to time, select the participants to whom RSUs may be granted (the "**Awards**").

The Administrator shall have the sole and absolute right to (a) interpret and construe the provisions of RSU Plan, (b) determine the persons who will be granted Awards under the RSU Plan, the terms and conditions on which Awards are granted and when the Awards granted pursuant to the RSU Plan may vest, (c) make such appropriate and equitable adjustments to the terms of the Awards granted under the RSU Plan as it deems necessary; and (d) make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing matters stated (a), (b) and (c).

Who may join and maximum entitlement

Those eligible to participate in the RSU Plan (the "**Participants**") include: (a) full-time employees (including directors, officers and members of senior management) of our Group; and (b) any person who, in the sole opinion of the Administrator, has contributed or will contribute to any member of our Group (including business partners of any member of our Group, such as suppliers, clients, or any persons who provide technical support, consultancy, advisory or other services to any member of the Group).

There is no maximum entitlement of each Participant under the RSU Plan. The Company will comply with the relevant requirements pursuant to Chapter 17 of the Listing Rules in the event that the individual limit of any Participant is exceeded.

Maximum number of Shares

On March 29, 2022, the RSU Committee of the Board approved to amend the maximum number of the Shares underlying the RSU Plan and held by the ("**Trustee**") on trust as issued or to be issued by the Company (excluding the Shares underlying the RSUs that have lapsed or been canceled or forfeited in accordance with the terms and conditions of the RSU Plan) from 199,537,593 Shares to 300,000,000 Shares, representing approximately 8.6% of the issued Shares as at the date of this report.

The number of RSUs available for grant under the RSU Plan on January 1, 2023 and December 31, 2023 is 166,142,543 and 115,287,138 respectively.

Consideration

The consideration (if any) payable by a selected Participant to the Trustee for acceptance of the Awards under the RSU Plan shall be determined at the sole and absolute discretion of the Administrator and any such consideration shall be held by the Trustee as income of the trust funds and be applied by the Trustee as it deems appropriate or desirable in accordance with the terms of the RSU Plan and the trust deed.

Vesting

(a) Vesting Notice

Upon fulfillment or waiver (by the Administrator in its sole and absolute discretion) of the vesting period and vesting conditions (if any) applicable to a grantee or a grant, a vesting notice will be sent to the grantee by the Administrator, or by the Trustee under the authorization and instruction by the Administrator, confirming (a) the extent to which the vesting period and vesting conditions have been fulfilled or waived; (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip dividends in respect of these Shares) or the amount of cash the grantee will receive; and (c) where the grantee will receive Shares, the lock-up arrangements for such Shares (if applicable). The grantee may be required to execute, after receiving the vesting notice, certain documents set out in the vesting notice that the Administrator considers necessary (which may include, without limitation, a certification that he or she has complied with all the terms and conditions set out in the RSU Plan and the relevant award agreement). In the event that the grantee fails to execute the required documents within 30 business days after receiving the vesting notice (if the documents to be executed by the grantee is set out in the vesting notice), the vested RSUs will lapse.

(b) RSUs which have vested

Subject to the execution of documents by the grantee as set out above, the RSUs which have vested shall be satisfied, at the Administrator's sole and absolute discretion within a reasonable period from the vesting date of such RSUs, either by:

- subject to the above paragraph 8, the Administrator directing and procuring the Trustee to transfer our Shares underlying the RSUs (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the grantee or his wholly-owned entity (as represented by the grantee) from the trust fund; and/or

- the Administrator directing and procuring the Trustee to pay to the grantee in cash an amount which is equivalent to the market value of our Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) set out in the paragraph (i) above by making on-market sales of such Shares and/or utilizing the cash in the trust fund according to the Administrator's instruction and after deduction or withholding of any tax, fines, levies, stamp duty and other charges applicable to the entitlement of the grantee and the sales of any Shares to fund such payment and in relation thereto.

The Administrator shall have the sole and absolute discretion to determine whether or not a grantee shall have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying a RSU prior to vesting of the RSU.

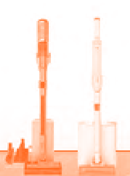
Report of the Directors

Details of the RSUs granted under the RSU Plan

As of December 31, 2023, the aggregate number of Shares underlying the granted RSUs was 55,942,000 representing approximately 1.61% of the issued share capital of the Company.

Details of the RSUs granted pursuant to the RSU Plan to the Directors and senior management and other employees of the Company during the Reporting Period are set out below:

			Price of Shares		Number of RSUs				
Grantee	Date of Grant	Vesting Period	Closing Price [1] (HK$)	Weighted Average Closing Price [2] (HK$)	As at January 1, 2023	Granted during the Year[3]	Vested during the Year	Forfeited or Cancelled during the Year[4]	As at December 31, 2023
Director, Chief Executive or Senior Management of the Company									
WANG Xuning	October 12, 2019	May 31, 2020 to May 31, 2023	-	$7.74	11,329,474	-	10,139,879	1,189,595	-
	June 6, 2023	May 31, 2024 to May 31, 2026	$7.74	-	-	34,600,000	-	-	34,600,000
HAN Run	October 12, 2019	May 31, 2020 to May 31, 2023	-	$7.74	2,832,368	-	2,534,969	297,399	-
	June 6, 2023	May 31, 2024 to May 31, 2026	$7.74	-	-	17,000,000	-	-	17,000,000
Mark Adam BARROCAS[5]	October 12, 2019	May 31, 2020 to May 31, 2023	-	$7.74	7,789,013	-	6,971,166	817,847	-
	January 18, 2021	May 31, 2021 to May 31, 2023	-	$0.00	2,077,070	-	1,858,978	218,092	-
YANG Ningning	October 12, 2019	May 31, 2020 to May 31, 2023	-	$7.74	4,021,963	-	2,534,969	1,486,994	-
	April 3, 2023	May 31, 2022 to May 31, 2023	8.06	-	-	1,200,000	1,200,000	-	-
KAN Jiangang	April 1, 2021	May 31, 2021 to May 31, 2023	-	$7.74	80,000	-	71,600	8,400	-
Subtotal					28,129,888	52,800,000	25,311,561	4,018,327	51,600,000



			Price of Shares		Number of RSUs				
Grantee	Date of Grant	Vesting Period	Closing Price [1] (HK$)	Weighted Average Closing Price [2] (HK$)	As at January 1, 2023	Granted during the Year[3]	Vested during the Year	Forfeited or Cancelled during the Year[4]	As at December 31, 2023
51 Other Employees									
	October 12, 2019	May 31, 2020 to May 31, 2023	–	$7.74	1,108,750	–	827,875	280,875	–
	June 6, 2023	May 31, 2024 to May 31, 2026	$7.74	–	–	1,500,000	–	–	1,500,000
	October 12, 2019	May 31, 2020 to May 31, 2023	–	$7.75	4,106,928	–	3,675,706	431,222	–
	November 10, 2021	May 31, 2022 to May 31, 2023	–	$7.75	172,500	–	154,388	18,112	–
	January 18, 2021	May 31, 2021 to May 31, 2023	–	$7.75	159,141	–	142,431	16,710	–
	January 27, 2021	May 31, 2021 to May 31, 2023	–	$7.75	175,000	–	156,625	18,375	–
	April 1, 2021	May 31, 2021 to May 31, 2023	–	$7.74	89,400	–	53,700	35,700	–
	September 28, 2021	May 31, 2022 to May 31, 2023	–	$7.75	482,500	–	431,841	50,659	–
	March 18, 2022	May 31, 2022 to May 31, 2023	–	$7.75	50,000	–	44,750	5,250	–
	March 18, 2022	March 18, 2022 to May 31, 2023	–	$7.75	287,000	–	256,865	30,135	–
	April 1, 2022	May 31, 2022 to May 31, 2023	–	$7.74	84,000	–	75,180	8,820	–
	April 3, 2023	April 3, 2023 to May 31, 2023	$8.06	$7.75	–	1,642,000	1,469,590	172,410	–
Subtotal					6,715,219	3,142,000	7,288,951	1,068,268	1,500,000
Total					**34,845,107**	**55,942,000**	**32,600,512**	**5,086,595**	**53,100,000**

Notes:

(1) It is the closing price of Shares immediately before the date on which the RSUs were granted in the Reporting Period.

(2) It is the weighted average closing price of Shares immediately before the date on which the RSUs were vested in the Reporting Period.

(3) Details of the the fair value of RSUs at the date of grant and the accounting standard and policy adopted are set out in Note 38 to the Financial Statements.

(4) Exercise/purchase price is not applicable for the RSUs forfeited or canceled during the year.

(5) Mr. Mark Adam BARROCAS resigned from his office on July 30, 2023.

SUBSIDIARY SHARE OPTION SCHEME

On May 28, 2021, the Company approved and adopted the share option incentive scheme of Joyoung whose shares are listed on the Shenzhen Stock Exchange and being a subsidiary of the Company (the "**Subsidiary Option Scheme**") and followed by the registration on Shenzhen Stock Exchange on June 1, 2021.

The total equity capital which may be issued upon exercise of all options to be granted under the Subsidiary Option Scheme would be 4,059,000 shares of Joyoung during the Reporting Period, which represents 0.529% of the total number of shares of Joyoung in issue as at the date of this annual report.

The purposes of the Subsidiary Option Scheme are to further improving the corporate governance structure of Joyoung, establishing and enhancing the long-term incentive and constraint mechanism of Joyoung, attracting and retaining talents, fully mobilizing the proactiveness and creativities of the core cadres of Joyoung, effectively promoting the cohesiveness of the core team and the core competitiveness of the enterprise, effectively aligning the interests of shareholders, Joyoung and the core team of Joyoung, enabling all parties to focus on the long-term development of Joyoung, and ensuring the achievement of the development strategies and operation objectives of Joyoung.

Eligible persons of the Subsidiary Option Scheme are the directors, senior management and core management members of Joyoung (including its subsidiaries) (the "**Eligible Person(s)**"). The remuneration committee of Joyoung shall prepare a list of those who fall under the scope of the Eligible Persons of the Subsidiary Option Scheme and the list shall be reviewed and confirmed by the supervisory committee of Joyoung.

The maximum number of shares of Joyoung in respect of which Options may be granted to each Eligible Person under the Subsidiary Option Scheme shall not in aggregate exceed 1.00% of the total share capital of Joyoung in issue during its validity period.

All options granted to the Eligible Persons are subject to different vesting periods, and each of such periods shall begin on the date on which the registration of the granted options is completed. The interval between the date of grant and the first exercise date of the options shall not be less than 12 months.

The exercise price shall be equal to or higher than the face value of the subsidiary share, and shall be equal to or higher of the following:

a. 70% of the average trading prices of the shares of Joyoung on the last trading day immediately preceding the date of the announcement of the Subsidiary Option Scheme, which was RMB21.39 per share of Joyoung; and

b. 70% of the average trading prices of the shares of Joyoung for the last 20 trading days immediately preceding the date of the announcement of the Subsidiary Option Scheme, which was RMB21.99 per share of Joyoung.

The validity period of the Subsidiary Option Scheme shall commence from the date of grant of the options, and end on the date on which all the options granted to the Eligible Persons under the Scheme have been exercised or canceled, and shall not be longer than 48 months.

The number of options available for grant under the Subsidiary Option Scheme at the beginning and the end of 2023 is 6,954,000 and7,482,000 respectively.

Details of the movements of the options granted under the Subsidiary Option Scheme during the Reporting Period are as follows:

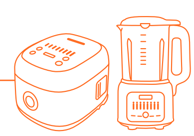
Category/Name of Grantee	Date of Conditional Grant	Completion Date of Grant	Exercise Period	Exercise Price per Share RMB	Outstanding as at January 1, 2023	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Outstanding as at December 31, 2023
Executive Director or substantial shareholder of the Company										
Ms. Han Run	April 29, 2021	June 1, 2021	June 2, 2021- June 1, 2025	21.99	540,000	–	–	270,000	–	270,000
Ms. Yang Ningning	April 29, 2021	June 1, 2021	June 2, 2021- June 1, 2025	21.99	900,000	–	–	450,000	–	450,000
Ms. Huang Shuling	April 29, 2021	June 1, 2021	June 2, 2021- June 1, 2025	21.99	180,000	–	–	90,000	–	90,000
Mr. Jiang Guangyong	April 29, 2021	June 1, 2021	June 2, 2021- June 1, 2025	21.99	180,000	–	–	90,000	–	90,000
Subtotal					1,800,000	–	–	900,000	–	900,000
Other Employees										
91 Eligible Persons	April 29, 2021	June 1, 2021	June 2, 2021- June 1, 2025	21.99	6,846,000	–	–	3,687,00	–	3,159,000
Total					**8,646,000**	**–**	**–**	**4,587,000**	**–**	**4,059,000**

Notes:

(1) The closing price of share of Joyoung immediately before the date of conditional grant and the completion date of grant, was RMB33.45 and RMB32.75,

(2) The options granted to the grantees are subject to different vesting periods, and each of such periods begin on the date on which the registration of the granted options is completed. The interval between the date of grant and the first exercise date of the options shall not be less than 12 months.

For more details, please refer to the circular of the Company dated May 12, 2021 and the announcements of the Company dated May 28, 2021 and June 2, 2021.



JY ESOP I

Following is a summary of the principal terms of the phase I employee stock ownership plan of Joyoung (the "**JY ESOP I**").

On March 28, 2022, Joyoung adopted the JY ESOP I, which was amended on April 1, 2022 and approved by the shareholders of Joyoung on April 22, 2022.

The JY ESOP I will include a maximum of 30 eligible employees, including directors, senior management and core management team of Joyoung and its subsidiaries.

The term of the JY ESOP I is 72 months. The Target Shares (as defined below) granted to the relevant eligible employee will vest on the 12th, 24th, 36th, 48th, and 60th month from the date of transfer of the relevant Target Shares to such eligible employee and 20% of the total number of the Target Shares granted to such eligible employee will vest at each time of vesting.

Pursuant to the JY ESOP I, the funding of the JY ESOP I comes from the remuneration of the employees, the self-raised funding of the employees and other sources of funding allowed by applicable laws and regulations. The maximum amount of funding that may be raised by the JY ESOP I is RMB208,000,000 and Joyoung will not provide any means of financial assistance to the eligible employees. The sources of shares (the "**Target Shares**") of JY ESOP I include A shares of Joyoung repurchased through the designated share repurchase account of Joyoung, A shares of Joyoung purchased from secondary market and other means allowed by the applicable laws and regulations. The JY ESOP I plans to use (i) a maximum of 8,000,000 shares repurchased through the designated share repurchase account of Joyoung; and (ii) such number of shares purchased from secondary market at market price with a maximum amount of RMB200,000,000 for the JY ESOP I.

As of the date of this report, JY ESOP I held 9,150,000 shares of Joyoung in total, representing 1.19% of the total issued share capital of Joyoung.

The number of shares to be issued to each eligible employee under Joyoung ESOP I will not exceed 1% of the total issued share capital of Joyoung.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2023, the Group had approximately 2,745 employees in total (as of December 31, 2022: 5,661), of which approximately 2,621 employees were with its China operation, and approximately 124 employees were with other countries or Asian regions operations. For the year ended December 31, 2023, the Group recognized staff costs of US$391.2 million (2022: US$452.1 million).

The Group implements training programs for all of its employees, from entry-level employees to management on subjects such as corporate culture, research and development, strategies, policy and internal control, internal systems and business skills. Some of the Group's subsidiaries have labor unions that protect employees' rights, help fulfill the subsidiaries' economic objectives, encourage employee participation in management decisions and assist in mediating disputes between the subsidiaries and union members. The remuneration package for employees generally includes salary and bonuses. Employees typically receive welfare benefits, including medical care, pension, occupational injury insurance and other miscellaneous benefits.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from the minimum public float requirement under Rule 8.08(1) of the Listing Rules such that the Company is subject to a minimum public float public float of 17.16%.

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the public float of the Company complied with such requirement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 20,040,500 ordinary shares of par value US$0.00001 each in the share capital of the Company on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to HK$160,362,425. All the shares repurchased were subsequently cancelled on July 3, 2023. As at December 31, 2023, the total number of issued shares of the Company was 3,474,571,777.

Particulars of the share repurchase are as follows:

Date	Number of Shares Repurchased	Purchase Price Per Share		Aggregate Consideration (before expenses)
		Highest (HK$)	Lowest (HK$)	(HK$)
June 2023	20,040,500	8.34	7.76	160,362,425

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

PRE-EMPTIVE RIGHTS

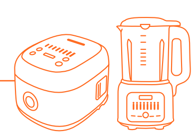
There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

CONTINGENT LIABILITIES

As at December 31, 2023, the Group had no material contingent liabilities.



CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Connected Transactions

We set out below details of the connected transactions and continuing connected transactions of our Group during the Reporting Period, in compliance with the requirements of Chapter 14A of the Listing Rules.

(a) Non-exempt continuing connected transactions ("Non-exempt Continuing Connected Transactions")

1. Sourcing Services Agreement – JS Global

On July 29, 2023 (New York time)/July 30, 2023 (Hong Kong time), JS Global Trading HK Limited ("**JS Global Trading**") entered into a sourcing services agreement (the "**Sourcing Services Agreement – JS Global**") with SharkNinja (Hong Kong) Company Limited ("**SharkNinja HK**") to provide value-added sourcing services to the SharkNinja Group over a transitional period after the Spin-off. The initial term of the Sourcing Services Agreement – JS Global commenced on July 31, 2023 upon the completion of the Spin-off and will expire on June 30, 2025.

The annual caps for the transactions under the Sourcing Services Agreement – JS Global payable by SharkNinja Group to the Group are as follows:

	From July 31, 2023 to December 31, 2023	For the year ending December 31, 2024	For the six months ending June 30, 2025
		(US$ million)	
Annual Caps	45.0	70.0	15.0

SharkNinja HK is wholly owned by SharkNinja, which is owned as to over 40% by JS&W. JS&W is owned by the Controlling Shareholders (including Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling, each of whom is an executive Director). Pursuant to Chapter 14A of the Listing Rules, SharkNinja HK is a connected person of the Company. Accordingly, the Sourcing Services Agreement – JS Global constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

From July 31, 2023 to December 31, 2023, the aggregate transaction amount under the Sourcing Services Agreement – JS Global amounted to approximately US$40.3 million, which did not exceed the annual cap of US$45.0 million.

2. Sourcing Services Agreement – Joyoung

On July 29, 2023 (New York time)/July 30, 2023 (Hong Kong time), Joyoung Holdings (Hong Kong) Limited, Hangzhou Jiuchuang Household Electric Appliances Co., Ltd. and Hangzhou Joyoung Household Electric Appliances Co., Ltd., each of which is a subsidiary of Joyoung (collectively, the "**Joyoung Entities**") entered into a sourcing services agreement (the "**Sourcing Services Agreement – Joyoung**") with SharkNinja HK. Pursuant to the Sourcing Services Agreement – Joyoung, SharkNinja Group will engage Joyoung and its subsidiaries (collectively, the "**Joyoung Group**") to manufacture, or procure OEM suppliers to manufacture, certain SN brands of products, including cooking appliances, food preparation appliances and floorcare products, and source these products from Joyoung Group. The initial term of the Sourcing Services Agreement – Joyoung is three years from July 31, 2023 upon the completion of the Spin-off.

The annual cap for the Sourcing Services Agreement – Joyoung from July 31, 2023 to December 31, 2023 was US$220.0 million. The proposed annual cap for the Sourcing Services Agreement – Joyoung for the year ending December 31, 2024 is US$220.0 million, which is subject to shareholders' approval at the upcoming extraordinary general meeting of the Company.

SharkNinja HK is wholly owned by SharkNinja, which is owned as to over 40% by JS&W. JS&W is owned by the Controlling Shareholders (including Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling, each of whom is an executive Director). Pursuant to Chapter 14A of the Listing Rules, SharkNinja HK is a connected person of the Company. Accordingly, the Sourcing Services Agreement – Joyoung constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

From July 31, 2023 to December 31, 2023, the aggregate transaction amount under the Sourcing Services Agreement – Joyoung amounted to approximately US$137.0 million, which did not exceed the annual cap of US$220.0 million.

3. Brand License Agreement

On July 29, 2023 (New York time)/July 30, 2023 (Hong Kong time), JS Global Trading entered into a brand license agreement (the "**Brand License Agreement**") with SharkNinja Europe Ltd. ("**SharkNinja Europe**"). Pursuant to the Brand License Agreement, the SharkNinja Group has granted to the Group the non-exclusive rights to obtain, produce and source, and the exclusive rights to distribute and sell, SN brands of products in the Asia-Pacific region and Greater China. The Brand License Agreement commenced on July 31, 2023 upon the completion of the Spin-off with a term of 20 years.

The annual caps for the transactions under the Brand Licensing Agreement payable by the Group to the SharkNinja Group are as follows:

	From July 31, 2023 to December 31, 2023	For the year ending December 31, 2024
	(US$ million)	
Annual Caps	3.0	10.0

SharkNinja Europe is wholly owned by SharkNinja, which is owned as to over 40% by JS&W. JS&W is owned by the Controlling Shareholders (including Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling, each of whom is an executive Director). Pursuant to Chapter 14A of the Listing Rules, SharkNinja Europe is a connected person of the Company. Accordingly, the Brand License Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

From July 31, 2023 to December 31, 2023, the aggregate transaction amount under the Brand Licensing Agreement amounted to approximately US$1.9 million, which did not exceed the annual cap of US$3.0 million.

4. Product Development Agreement

On July 29, 2023 (New York time)/July 30, 2023 (Hong Kong time), JS Global Trading entered into a product development agreement (the "**Product Development Agreement**") with SharkNinja Europe. Pursuant to the Product Development Agreement, the Group will engage the SharkNinja Group to develop market tailored products for Asia-Pacific region and Greater China markets, and provide certain related business support services, for which the SharkNinja Group will charge service fees to the Group for three years from July 31, 2023 upon the completion of the Spin-off, subject to renewal upon mutual consent of both parties.

On March 28, 2024, SharkNinja Europe and JS Global Trading entered into an amendment to the Product Development Agreement (together with the Product Development Agreement, the "**Product Development Agreements**") to revise the service fees and its payment terms of the service fees and tooling costs arrangement under the Product Development Agreement. Save for the said revisions, all other terms and conditions under the Product Development Agreement remain unchanged.

The annual caps for the transactions under the Product Development Agreements payable by the Group to the SharkNinja Group are as follows:

	From July 31, 2023 to December 31, 2023	For the year ending December 31, 2024	For the year ending December 31, 2025
		(US$ million)	
Annual Caps	0.5	2.0	2.0

SharkNinja Europe is wholly owned by SharkNinja, which is owned as to over 40% by JS&W. JS&W is owned by the Controlling Shareholders (including Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling, each of whom is an executive Director). Pursuant to Chapter 14A of the Listing Rules, SharkNinja Europe is a connected person of the Company. Accordingly, the Product Development Agreements constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

From July 31, 2023 to December 31, 2023, the aggregate transaction amount under the Product Development Agreement amounted to approximately US$0.4 million, which did not exceed the annual cap of US$0.5 million.

5. Transition Services Agreement

On July 29, 2023 (New York time)/July 30, 2023 (Hong Kong time), JS Global Trading entered into a transition services agreement (the "**Transition Services Agreement**") with SharkNinja. Pursuant to the Transition Services Agreement, the SharkNinja Group will provide certain transition services, including various information technology and back-office services as well as limited and shorter-term front-office services to the Group to facilitate the Group's business operations of SN brands of products in the Asia Pacific Region and Greater China markets. The initial term of the Transition Services Agreement is two years from July 31, 2023 upon the completion of the Spin-off.

The annual caps for the transactions under the Transition Services Agreement payable by the Group to the SharkNinja Group in respect of Transition Services Agreement are as follows:

	From July 31, 2023 to December 31, 2023	For the year ending December 31, 2024	For the seven months ending July 31, 2025
		(US$ million)	
Annual Caps	1.25	3	1.75

SharkNinja is owned as to over 40% by JS&W. JS&W is owned by the Controlling Shareholders (including Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling, each of whom is an executive Director). Pursuant to Chapter 14A of the Listing Rules, SharkNinja is a connected person of the Company. Accordingly, the Transition Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

From July 31, 2023 to December 31, 2023, the aggregate transaction amount under the Transition Services Agreement amounted to approximately US$1.25 million, which did not exceed the annual cap of US$1.25 million.

(b) Connected transactions

1. Provision of Funding to RSU Holding Entity

On April 12, 2023, the Company, Tricor Trust (Hong Kong) Limited (the "**RSU Trustee**") and Grand Riches Ventures Limited (one of the RSU holding entities) entered into a deed of assets contribution (the "**Deed of Assets Contribution**"), pursuant to which the Company assigned and transferred the funding in the amount of HK$127,500,000 (equivalent to approximately US$16,346,154) (the "**2023 Funding**") to the RSU Trustee to purchase the Shares on the public market with an aim of satisfying the need of RSU Plan.

The participants and beneficiaries of the RSU Plan include the Directors, senior management and officers of the Company or any of their subsidiaries. As the Directors and chief executive are connected persons of the Company under Chapter 14A of the Listing Rules and the connected persons' aggregated interest in the RSUs held by Grand Riches are more than 30%, Grand Riches is therefore also a connected person of the Company under Chapter 14A of the Listing Rules, and thus the provision of the 2023 Funding constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

2. Grant of RSU to Directors

On June 6, 2023, a total of 34.6 million RSUs and 17.0 million RSUs, the underlying Shares of which representing approximately 0.99% and 0.49% of the total issued shares of the Company as at the date of grant, were granted to Mr. Wang Xuning (Chairman of the Board, executive director and chief executive officer of the Company) and Ms. Han Run (executive director and the chief financial officer of the Company) (the "**Grantees**"), respectively, under the RSU Plan. Each of the RSUs granted to Mr. Wang Xuning and Ms. Han Run represents the right to receive one ordinary Share upon vesting together with distributions (if any) in respect of such ordinary Shares (the "**Grants**").

In accordance with the RSU Plan and as determined by the Board, the Grants were made for no consideration. Subject to the terms and conditions of the RSU Plan and certain performance targets as set out in the relevant award agreements between the Grantees and the Company, the said granted RSUs to Mr. Wang Xuning and Ms. Han Run shall be vested equally in three annual instalments on or around May 31 of 2024 to 2026.

The closing price as quoted on The Stock Exchange of Hong Kong Limited on the date of grant is HK$8 per Share. The underlying Shares to be vested to Mr. Wang Xuning and Ms. Han Run (subject to vesting conditions) will be the existing Shares held by the RSU Trustee or to be purchased by the RSU Trustee on the market. For the avoidance of doubt, no new Shares will be issued and allotted upon vesting and settlement of the RSUs granted to Mr. Wang Xuning and Ms. Han Run.

Mr. Wang Xuning, being executive Director and chief executive officer of the Company, and Ms. Han Run, being executive Director of the Company, are connected persons of the Company. The Grants therefore constitute connected transactions of the Company under Chapter 14A of Listing Rules.

For details of the RSU Plan, please refer to the section headed "RSU Plan" in this annual report.

3. Grant of Restricted Share Unit Awards under the 2023 Equity Incentive Plan of SharkNinja to Connected Persons

On July 30, 2023, the Board has approved the proposal of SharkNinja in respect of the grant of Restricted Share Unit Awards to Mr. Mark Barrocas (the director and chief executive officer of SharkNinja) (the "**Executive RSUs**") under the 2023 Equity Incentive Plan of SharkNinja effective as of the Spin-off and Distribution, subject to the 2023 Equity Incentive Plan taking effect upon completion of the Spin-off and Distribution (the "**Grant to Executive**"). The underlying shares of the Executive RSUs are 2,376,607 ordinary shares of SharkNinja, representing 1.71% of the total number of ordinary shares of SharkNinja immediately after the completion of the Spin-off and Distribution. The Grant to Executive will be made for no consideration. The Executive RSUs shall be vested subject to the terms and conditions of the 2023 Equity Incentive Plan and the vesting schedule and vesting conditions as set out in the relevant award agreement between Mr. Mark Barrocas and SharkNinja.

Mr. Mark Barrocas, being the director and chief executive officer of SharkNinja, was then a connected person of the Company at subsidiary level and the Grant to Executive constituted connected transaction of the Company under Chapter 14A of Listing Rules prior to the completion of the Spin-off and Distribution of SharkNinja. SharkNinja ceased to be a subsidiary of the Company upon completion of the Spin-off and Distribution.

4. Disposal of Equity Interest in Jiuyang Bean

On November 24, 2023, Joyoung entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Solar Blue, pursuant to which Joyoung has agreed to sell, and Solar Blue has agreed to purchase 25.5001% equity interest in Jiuyang Bean at a consideration of RMB177,225,695.

Solar Blue is considered a connected person of the Company by virtue of it being an associate of Mr. Wang Xuning, an executive Director of the Company, as Mr. Wang Xuning held 100% of the equity interest in Solar Blue. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company.

Confirmation by independent non-executive Directors

The independent non-executive Directors have reviewed the Non-exempt Continuing Connected Transactions and confirmed that such transactions:

(a) were entered into in the ordinary and usual course of business of the Group;

(b) were on normal commercial terms or better to the Group; and

(c) were in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation by the auditor

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified assurance report containing their conclusions in respect of the Non-exempt Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules.

In respect of the Non-Exempt Continuing Connected Transactions, the auditor of the Company has confirmed that:

(a) nothing has come to their attention that cause them to believe that the Non-Exempt Continuing Connected Transactions have not been approved by the Board;

(b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that such transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(c) nothing has come to their attention that causes them to believe that the Non-Exempt Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the Non-Exempt Continuing Connected Transactions; and

(d) with respect to the aggregate actual transaction amount of each of the Non-Exempt Continuing Connected Transactions, nothing has come to their attention that causes them to believe that such actual transaction amounts had exceeded the relevant annual caps.

Related Party Transactions

A summary of the related party transactions entered into by the Group during the Reporting Period is contained in note 43 to the Financial Statements in this annual report.

Save as disclosed above, no related party transactions disclosed in the consolidated financial statements constitutes a connected transaction or a continuing connected transaction as defined under Chapter 14A of the Listing Rules during the Reporting Period. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 47 to the Financial Statements in this annual report, there are no significant events undertaken by the Company after the Reporting Period.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Group had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, had a material adverse effect on the Group's business, financial condition or results of operations. As far as the Company is aware, the Group had complied, in all material respects, with all relevant laws and regulations in the jurisdictions which the Group operated in during the year ended December 31, 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business may be materially and adversely affected by these risks, including the following:

- global markets for its products are highly competitive and subject to rapid technological changes, and we may be unable to compete effectively in relevant markets;
- if the Group fails to successfully manage frequent product introductions and transitions, we may not remain competitive or be able to stimulate customer demand;
- any trade or import protection policies may materially and adversely affect its business;
- its global operations are subject to various risks;
- maintaining the trusted brand image of its products is critical to its success, and any failure to do so could severely damage its reputation and brand, which would have a material adverse effect on its business, financial condition and results of operations;
- if the Group is unable to manage its growth or execute its strategies effectively, its business and prospects may be materially and adversely affected;
- the Group faces risks related to sales through distributors, as it does not exercise complete control over the practice and manner of the ultimate retail sales by its distributors;
- the Group recorded a significant amount of goodwill and other intangible assets following the acquisition of SharkNinja and its net profit could be adversely affected if it recognizes impairment losses on such goodwill or other intangible assets; and
- the Group faces financial risks such as interest rate risk and financial performance risk related to its financial covenants under the faculty agreements entered by the Group.

RELATIONSHIP WITH STAKEHOLDERS

The Group acknowledges the importance of stakeholders to corporate development and pays attention to matters of concern to stakeholders including the government and regulators, shareholders and investors, employees, business partners, suppliers, customers and the community. The Group maintains transparent and bilateral exchange, strengthens mutual trust and cooperation and establishes harmonious relationship with its stakeholders.

The Group treats compliance with laws and regulations as a basic requirement for operations, and maintains good communication with the government and regulatory agencies through voluntary reporting, cooperating with reviews and investigations, and recommending industry standard improvement. The Group treats the realization of the interests of Shareholders and investors as an important business objective, establishes communication channels such as shareholder meetings and timely announcements, and delivers sound financial performance to Shareholders and investors. The Group regards employees as valuable assets, motivates employees with a competitive salary and transparent promotion mechanism, and provides them with a fair working environment. The Group also supports their career development skills with various forms of training support. The Group is engaged in regular visits, communication and industry exchange with its business partners, and maintains real-time interaction in daily operations with them in order to develop long-term and stable cooperation. The Group innovates to meet customers' needs and is committed to providing customers with high-quality and reliable services. The Group provides various online and offline channels to enable timely and accurate communication with customers, assisting them in their long-term development. The Group also maintains a sound communication mechanism with the suppliers, community, develops innovative models, conducts public welfare activities, and promotes the stable development of the community.

AUDITOR

The Company appointed Ernst & Young as the auditor of the Company for the year ended December 31, 2023. The Company will propose to re-appoint Ernst & Young as the auditor of the Company in the coming Annual General Meeting.

There is no change of auditor of the Company in the preceding three years.

By order of the Board
JS Global Lifestyle Company Limited
Wang Xuning
Chairman

Hong Kong, March 28, 2024

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2023.

CORPORATE GOVERNANCE PRACTICES

The Company and management of the Group are committed to maintenance of good corporate governance practices and procedures and the Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

Save for compliance with C.2.1 of the CG Code as described below, the Company had complied with all applicable code provisions set out in the CG Code during the Reporting Period.

THE BOARD

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

Delegation of Management Function

The major powers and functions of the Board include, but are not limited to, convening the general meetings, implementing the resolutions passed at the general meetings, formulating the Company's strategic development plans, formulating financial budgets, formulating profit distribution plans, and exercising other powers and functions as conferred by the Memorandum and Articles of Association and applicable laws and regulations.

All Directors have full and timely access to all the information of the Company and advice from the senior management and company secretary of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board is responsible for making decision with respect to the strategic plans, major investment decisions and other significant operational matters of the Company, while responsibilities with respect to the implementation of the decisions of the Board, day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions.

Composition of the Board

The Board currently comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. A list of members of the Board, their positions and dates of appointment, and each Director's biography have been set out in the section headed "Biographies of the Directors and Senior Management".

All Directors, including non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

Chairman and Chief Executive Officer

Under the code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. WANG Xuning currently holds both positions.

After taking into consideration the factors below, the Board considers that vesting the roles of the Chairman and Chief Executive Officer in the same person, being Mr. WANG, is beneficial to the Group's business development and operational coordination between Joyoung and SharkNinja: Mr. WANG is responsible for formulating the overall business strategies and conducting general management of the Group. He has been the key person contributive to the development and business expansion of Joyoung since the invention of the soymilk maker in 1990s. Since the acquisition of SharkNinja, being the Global Chief Executive Officer of SharkNinja SPV (the holding company of SharkNinja) and currently also acting as chairperson of the board of directors of SharkNinja, Inc., he has always acted as the main point of communication between the corporate operation of Joyoung and SharkNinja. After completion of the distribution and the Spin-off, the coordination among the Group, Joyoung and SharkNinja Group will still create an excellent exterior synergy effect. Regarding the rapidly evolving small household appliance industry in which the Group operates, the Chairman and Chief Executive Officer need to have a profound understanding and be equipped with extensive industry knowledge to stay abreast of market changes, so as to facilitate the Group's business development.

Independent Non-executive Directors

During the Reporting Period, the Company had three independent non-executive Directors at all times, in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors accounts for more than one-third of the number of the Board members.

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The term of appointment of non-executive Directors is for a term of three years.

The procedures and process of appointment, re-election and removal of Directors are set out in the Memorandum and Articles of Association.

Pursuant to Article 16.2 of the Articles of Association, any Director who is appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting. In addition, pursuant to Article 16.19 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director required to stand for re-election pursuant to Article 16.2 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall be eligible for re-election.

Compliance with Model Code regarding Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules, which applies to all Directors and relevant employees of the Company who are likely to possess inside information in relation to the Company or its securities due to his/her office or employment.

The Company has made specific enquiries with each Director, and each of them confirmed that he/she had complied with all required standards under the Model Code during the Reporting Period.

Training and Continuous Professional Development of Directors

Each newly appointed director shall be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the Listing Rules, relevant laws, rules and regulations. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

During the Reporting Period, all Directors attended the training on the obligations of a Hong Kong listed company and its directors.

According to records provided by the Directors, a summary of training received by the Directors for the year ended December 31, 2023 is as follows:

Name of Director	Training
WANG Xuning	✓
HAN Run	✓
HUANG Shuling	✓
Stassi Anastas ANASTASSOV	✓
SUN Zhe	✓
Yuan DING	✓
YANG Xianxiang	✓
Timothy Roberts WARNER (resigned on July 30, 2023)	✓
HUI Chi Kin Max (resigned on July 30, 2023)	✓

Each of the Directors has attended the training which were related to latest amendments on the Listing Rules, corporate governance, liabilities of the directors and the continuing obligations of listed companies and their directors. In addition to the above training, each of the Directors has also studied the information prepared by external professional consultants on the same subject.

Directors' Responsibility on Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the financial year ended December 31, 2023.

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

Attendance Records at the Meetings of the Board and Board Committees and General Meeting

The attendance records of the individual Directors at the meetings of the Board, Strategy Committee, Audit Committee, Nomination Committee, Remuneration Committee and the general meeting for the Reporting Period are set out as follows:

	Number of Meetings Attended/Held					
Directors	Board	Strategy Committee	Audit Committee	Nomination Committee	Remuneration Committee	General Meetings
Executive Directors						
Mr. WANG Xuning	4/4	2/2	N/A	1/1	N/A	2/3
Ms. HAN Run	4/4	N/A	N/A	N/A	1/1	3/3
Ms. HUANG Shuling	4/4	N/A	N/A	N/A	N/A	2/3
Non-executive Directors						
Mr. Stassi Anastas ANASTASSOV	3/4	2/2	N/A	N/A	N/A	2/3
Mr. HUI Chi Kin Max(1)	1/1	1/1	N/A	N/A	N/A	2/2
Independent Non-executive Directors						
Mr. Yuan DING	4/4	2/2	3/3	1/1	N/A	1/3
Mr. YANG Xianxiang(2)	4/4	2/2	3/3	1/1	1/1	2/3
Mr. SUN Zhe(3)	4/4	2/2	2/2	N/A	N/A	2/3
Mr. Timothy Roberts WARNER (4)	1/1	1/1	1/1	N/A	1/1	2/2

Notes:

(1) Mr. HUI Chi Kin Max resigned as a non-executive Director and a member of the Strategy Committee on July 30, 2023

(2) Mr. YANG Xianxiang was re-designated as the chairman of the Remuneration Committee on July 30, 2023.

(3) Mr. SUN Zhe was re-designated as an independent non-executive Director and was appointed as a member of the Audit Committee and Remuneration Committee on July 30, 2023.

(4) Mr. Timothy Roberts WARNER resigned as an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and of the Strategy Committee on July 30, 2023.

The Chairman and the independent non-executive Directors met in December 2023 without the presence of any other executive Directors and the management.

Notices of regular Board meetings are served to all of the Directors at least 14 days before the meetings. For other Board and Board committees meetings, reasonable notices were generally given. Meeting papers together with all relevant information are sent to the Directors at least three days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. Minutes of meetings are kept by the company secretary with copies circulated to all Directors or Board committee members for information and records within a reasonable time after the date of the meeting. Directors who have conflicts of interest in a resolution are required to abstain from voting.

BOARD COMMITTEES

The Company has established four Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The four committees are authorized by the Board to deal with specific matters according to their owned terms of reference.

Strategy Committee

The Strategy Committee of the Company consists of five members, currently including one executive Director, namely Mr. WANG Xuning (Chairman), one non-executive Director, namely Mr. Stassi Anastas ANASTASSOV, and three independent non-executive Directors, namely Mr. Yuan DING, Mr. YANG Xianxiang and Mr. SUN Zhe. On July 30, 2023, Mr. HUI Chi Kin Max and Mr. Timothy Roberts WARNER resigned as a member of Strategy Committee. The primary duties of the Strategy Committee are as follows:

- researching and making recommendations to the Board on the long-term development strategies and plans of the Company;
- researching and making recommendations to the Board on the major financing plans of the Company and other major strategic issues influencing the development of the Company; and
- reviewing the implementation of the above matters.

Two Strategy Committee meetings were held during the Reporting Period to deeply discuss the Company's strategic initiatives and long-term strategy.

Audit Committee

The Audit Committee of the Company consists of three members, currently including three independent non-executive Directors, namely Mr. Yuan DING, Mr. YANG Xianxiang and Mr. SUN Zhe. On July 30, 2023, Mr. Sun ZHE was appointed as member of Audit Committee and Mr. Timothy Roberts WARNER resigned as a member of Audit Committee. The primary duties of the Audit Committee are as follows:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, including developing and implementing policy on engaging an external auditor to supply non-audit services;
- monitoring integrity of the Company's financial statements, annual reports and accounts, interim reports;
- reviewing the Company's financial controls, risk management and internal control systems;
- discussing the risk management and internal control systems with the senior management to ensure that the senior management has performed their duties to establish effective systems, and reviewing the effectiveness, adequacy and appropriateness of those systems annually;
- conducting research on major investigation findings on risk management and internal control matters and the senior management's response to these findings; and
- reviewing the Company's financial and accounting policies and practices.

Three Audit Committee meetings were held during the Reporting Period to, amongst other things, review the audit plan, the annual and interim financial results and report, major internal audit issues, re-appointment of external auditors, and the effectiveness of the risk management and internal control systems of the Group.

The Audit Committee has reviewed the remuneration of the auditor for the year ended December 31, 2023 and has recommended the Board to re-appoint Ernst & Young as the auditor of the Company for the year ending December 31, 2024, subject to approval by the Shareholders at the Annual General Meeting.

Nomination Committee

The Nomination Committee of the Company consists of three members, including one executive Director, namely Mr. WANG Xuning (Chairman), and two independent non-executive Directors, namely Mr. Yuan DING and Mr. YANG Xianxiang. The primary duties of the Nomination Committee are as follows:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board in line with the Company's corporate strategy;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession plans for Directors;
- identifying individuals suitably qualified to become Board members and selecting and nominating the relevant individuals to serve as Directors or making recommendations to the Board on the selection and nomination of individuals for directorship; and

- making recommendations to the Board concerning, amongst other things, formulating succession plans for Directors, assessing the independence of independent non-executive Directors, membership of the Company's audit and remuneration committees (in consultation with the chairpersons of committees); the re-appointment of any non-executive Director at the conclusion of the specific term of office, having given due regard to his performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.

In evaluating and selecting any candidate for directorship, the Nomination Committee and the Board shall consider the following criteria, including, among other things, diversity, independence, experience, qualifications, skills, knowledge and any potential contributions the candidate can bring to the Board together with the willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information and other relevant details of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

Under the Board Diversity Policy, selection of director candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience.

One Nomination Committee meetings were held during the Reporting Period to review the Board Diversity Policy, review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendation to the Board on the re-election of the retiring Directors.

Remuneration Committee

The Remuneration Committee of the Company consists of one executive Director, namely Ms. HAN Run, and two independent non-executive Directors, namely Mr. YANG Xianxiang (Chairman) and Mr. SUN Zhe. On July 30, 2023, Mr. YANG Xianxiang was re-designated as Chairman of the Remuneration Committee. On the same day, Mr. SUN Zhe was appointed as a member of the Remuneration Committee and Mr. Timothy Roberts WARNER resigned as a member of the Remuneration Committee. The primary duties of the Remuneration Committee are as follows:

- making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policy;
- being responsible for making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- making recommendations to the Board on the remuneration of non-executive Directors;
- reviewing and approving the senior management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

One Remuneration Committee meeting was held during the Reporting Period to consider the remuneration policy and structure, incentives and remuneration plan of Directors and senior management, and material RSU related matters including granting RSUs to the Directors and employees in accordance with the existing RSU Plan.

Pursuant to the code provision E.1.5 of the CG Code, the following table sets forth the remuneration of the members of senior management categorized by remuneration group for the year ended December 31, 2023:

Remuneration	Number of Individuals
HK$1,000,001 to HK$2,000,000 (equivalent to US$128,000 to US$255,000)	1
HK$6,000,001 to HK$7,000,000 (equivalent to US$765,893 to US$893,615)	1
HK$13,000,001 to HK$14,000,000 (equivalent to US$1,659,954 to US$1,787,676)	1
HK$159,000,001 to HK$160,000,000 (equivalent to US$20,307,512 to US$20,435,234)	1
HK$311,000,001 to HK$312,000,000 (equivalent to US$39,721,408 to US$39,849,130)	1
	5

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix D2 of the Listing Rules are set out in notes 9 and 10 to the financial statements.

The emoluments of each Directors are reviewed by the Remuneration Committee and determined by the Board, having regard to the Group's operating results, individual performance and prevailing market condition. No Director or any of his or her associates was involved in deciding his or her own remuneration.

CORPORATE GOVERNANCE FUNCTION

The Board recognizes that corporate governance should be the collective responsibility of Directors, which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

To maintain good corporate governance, the Company has introduced mechanisms to ensure that independent views and input are available to the Board. In assessing whether a potential candidate is qualified to be an independent non-executive Director or considering whether an independent non-executive director should be proposed for reelection, the Nomination Committee and the Board will assess and evaluate whether the candidate or independent non-executive Director is able to bring independent views to the Board. Meanwhile, the Company ensures the channels where independent views are available, including but not limited to availability of access by directors of the Company to external independent professional advice to assist their performance of duties at the Company's expense. The implementation and effectiveness of these mechanisms have been reviewed in due course annually.

The Board has adopted a dividend policy, and has reviewed and monitored the training and continuous professional development of directors of the Company and reviewed the Company's compliance with the CG Code, the Model Code and the disclosure requirements in the Corporate Governance Report during the Reporting Period.

DIVERSITY

On October 9, 2019, the Board accepted the recommendation from Nomination Committee, and adopted Board Diversity Policy. The Policy sets out measurable objectives for the selection of board members based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience.

The Company considers the Board possesses a good gender diversity with two women on the Board (representing two out of three executive Directors). It also believes the Board members have diversified cultural background (including Chinese, Chinese (Hong Kong), USA, Swedish and French) and language skills, as well as a broad range of educational background (including degrees in engineering, economics, business administration, English politics and international relations) and working experience in different countries and regions. The Directors also have a balanced mix of knowledge and skills, such as overall management and strategic development, sales and marketing, administration, fund management, corporate finance and financial management. The Board has three independent non-executive Directors with different industry backgrounds.

The Company is always committed to building an equal, inclusive, harmonious career platform for employees. As of December 31, 2023, the number of female employees accounted for approximately 38% of the total number of employees (including senior management). For further details, please refer to the 2023 Environmental, Social and Governance Report of the Company.

COMPANY SECRETARY

Mr. Shan Minqi ("**Mr. SHAN**") has been the company secretary of the Company since June 25, 2019. On September 1, 2023, Mr. SHAN tendered his resignation as the company secretary of the Company (the "**Company Secretary**") and Ms. KWAN Man Ying ("**Ms. KWAN**") was appointed as the Company Secretary. Ms. KWAN is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and she has joined the Company since August 2022.

Ms. KWAN confirmed that she took no less than 15 hours of relevant professional training during the year ended December 31, 2023 pursuant to Rule 3.29 of the Listing Rules.

AUDITOR'S REMUNERATION

The fees paid/payable to the external auditor in respect of audit and audit related services and non-audit services for the year ended December 31, 2023 are analyzed below. The non-audit services mainly include professional services on tax filing and advisory services. The Audit Committee is satisfied that the non-audit services in 2023 did not affect the independence of the auditor.

Type of services provided by the external auditor	Fees paid/payable US$000
Audit and audit related services	1,950
Non-audit services	
— Tax related services	1,538
— Others	179
Total	3,667

REAPPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has established a robust process for the reappointment of auditors, which includes challenging and assessing the effectiveness of handling key audit issues by the auditors. The Audit Committee considered that Ernst & Young, who has served the Company as external auditors since the listing of the Company, has demonstrated their strong commitment to audit quality, integrity, objectivity and independence. The Audit Committee is also satisfied with Ernst & Young's knowledge in the industry, technical competence and its expertise in handling technical matters efficiently and effectively. In addition, the Audit Committee has considered all relationships (including provision of non-audit services) between the Company and Ernst & Young when assessing auditors' independence and objectivity. The engagement partner on the audit remains unchanged throughout the tenure and will be subject to five consecutive years cooling off period after seven cumulative service years in accordance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. Based on the robust evaluation that has been taken place to date, the Audit Committee recommended the reappointment of Ernst & Young (who has indicated its willingness to continue in office) as the Company's external auditors for the year 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility to oversee, establish and maintain risk management and internal control systems on an going basis and review their effectiveness. The Audit Committee is delegated with the authority from the Board to oversee the Company's management in design, implementation and monitoring of the risk management and internal control systems. It also advises the Board on the Company's risk-related matters.

We have adopted and implemented comprehensive internal control and risk management policies in various aspects of our business operations such as quality control, financial reporting, information system, internal control, human resources and information system risk management. The Board also conducted annual review to ensure the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions, as well as the Company's ESG performance and reporting.

The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has conducted an annual review of the risk management and internal control system of the Group for the year ended December 31, 2023 and considered that the financial reporting, risk management and internal control system of the Group was adequate and effective.

Quality Control and Product Safety Internal Control

We maintain the highest level of quality in our products and we therefore implement quality control measures throughout our operational flow. Our quality control team formulates our quality control policy and ensures our compliance with all applicable regulations, standards and internal policies at all times. Our quality control process generally comprises:

(i) research and development quality control;

(ii) quality control of component and raw material suppliers and OEM suppliers; and

(iii) market feedback quality control.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, financial statement preparation policies. We take steps to implement accounting policies. Our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department staff to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report". There was no change in the auditor of the Company in the preceding three financial years.

Legal Risk Management

In accordance with our procedures, our in-house legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations under our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

We also have detailed internal procedures in place to ensure that our in-house quality and legal departments review our products and services, including upgrades to existing products, for regulatory compliance before they are made available to the general public. Our in-house quality and legal departments are responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

For IP-related issues, we have an in-house legal team supported by devoted and specialized outside IP legal advisors, to assist us in registering, applying and reviewing the relevant patent and trademark rights of our IPs.

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Human Resources Risk Management

We set out systematic internal rules and guidelines for our employees, including best commercial practice, work ethics and a prevention mechanism to avoid fraud, negligence and corruption. We provide employees with regular training and resources to keep them abreast of the guidelines contained in the employee handbook and the Code. We formulate the recruitment plan for the upcoming year based on current turnover rate and our future business plan, and we constantly improve our recruitment process with the aid of information technology. We also have a rigorous background check process for our new employees.

In addition, we provide specialized trainings tailored to the needs of our employees in different departments. Through such training, we ensure that our employees' skill sets remain up-to-date.

We also have in place an Anti-Corruption Policy to safeguard against corruption within our Company. We have an internal reporting channel that is open and available for our employees to report any suspected corrupt acts. Our employees can also make anonymous reports to our internal anti-corruption department. We have a team that is responsible for investigating the reported incidents and taking appropriate measures.

Information System Risk Management

Sufficient maintenance, storage and protection of consumer data and our business data are critical to our success. We have implemented relevant internal procedures and controls to ensure that such data is protected and that leakage and loss of such data is avoided. During the Reporting Period, we did not experience any material information leakage or loss of consumer or business data.

Internal Audit

The Company's internal audit department ("**Internal Audit**") reports directly to the Audit Committee. Internal Audit is responsible for performing regular and systematic reviews of the risk management and internal control systems. The reviews provide independent assurance that the risk management and internal control systems continue to operate satisfactorily and effectively within the Group and the Company. Where specialist skills are required, Internal Audit engages an outside professional firm to assist them in their reviews. The attainment of such objectives involves the following activities being carried out by Internal Audit:

- reviewing and appraising the soundness, adequacy and application of operational, financial, compliance and other controls and promoting effective internal control in the Group and the Company;
- ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- ascertaining the extent to which the Group's and the Company's assets are accounted for, managed, and safeguarded from losses of all kinds;
- appraising the reliability and usefulness of information for reporting to management; and
- recommending improvements to the existing systems of risk management and internal control.

The Internal Audit conducts regular audits on financial, operational and compliance controls and the risk management functions of the Company. The management team are responsible for ensuring that control deficiencies highlighted in internal audit reports are rectified within a reasonable time.

The Internal Audit produces an annual internal audit plan for the Audit Committee's approval. The audits are selected based on risk assessment results of the Company's audit universe to ensure that business activities with higher risks are covered.

On an annual basis, the Internal Audit reports to the Audit Committee on major observations identified in audit reviews and the implementation progress of audit recommendations, together with the opinion on the adequacy and effectiveness of the Company's internal control system. The Audit Committee then discusses the issues and reports to the Board if necessary.

Risk Management

The risk management process is integrated into our daily operations and is an ongoing process involving all parts of the Company. Enterprise Risk Management Policy describes the Company's risk management framework and methodology. A risk-based Three Lines of Defense framework has been adopted.

The Company risk management process comprises of six core stages, from objective settings, to risk identification, risk evaluation and prioritization, risk treatment, risk response, and risk reporting and monitoring. Each risk owner is required to formally identify and assess the significant risks (including ESG risks) facing their businesses with proper management execution to avoid, mitigate or transfer risks. Identified key risks and opportunities are assessed in two dimensions, impact and likelihood, based on the predefined risk assessment criteria which covers both qualitative and quantitative elements. Relevant risk information including key mitigation measures and plans are recorded in a risk register to facilitate the ongoing review and tracking of progress.

The composite risk register together with the risk heat map forms the risk management report for review and approval by the Audit Committee on an annual basis. The Audit Committee, on behalf of the Board, reviews the report, with the Internal Audit and the Directors and the senior management, to ensure the effective risk management system is in place to respond appropriately to significant business, operational, financial, compliance, ESG and other risks in achieving its objectives.

Information Disclosure

The Company has strict internal controls on the treatment and release of inside information in accordance with relevant requirements of the Listing Rules and the SFO and prohibits any unauthorized use or release of confidential or inside information. The Directors and the senior management of the Company have adopted reasonable measures to ensure proper precautionary measures are in place to prevent the Company from violating relevant disclosure requirements.

Whistleblowing Policy

The Whistleblowing Policy has been established to offer guidance for the reporting and handling of whistleblowing cases. The system is for anyone (employees, customers, or suppliers) to directly report to Internal Audit for any serious concerns about suspected or actual fraud, corruption, breach, malpractice, misconduct or irregularity of the Company and/or our employees. The reported cases will be investigated in a confidential and timely manner and Internal Audit will report the results of investigations to the Audit Committee.

INVESTOR RELATIONS

General Meetings and Shareholders' Rights

The Company shall hold an annual general meeting each year.

The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to table resolutions at a general meeting. However, these rights may be provided in the Memorandum and Articles of Association (please refer to the aforesaid procedures for shareholders to requisition a general meeting). The Memorandum and Articles of Association do not provide our Shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such Shareholders.

Communication with Shareholders and Investors

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions. The Chairman ensures that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole.

To promote effective communication, the Company always stay on an ongoing dialogue with Shareholders and other investors through the various communication channels set out in the Shareholder's Communication Policy, including but not limited to publishing up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsgloballife.com). The Shareholders and investor engagement and communication activities conducted in the Reporting Period received lots of positive feedbacks. The Board reviewed the Shareholder's Communication Policy, and satisfied with its implementation and effectiveness.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the Shareholders. The chairman of the Board as well as chairpersons of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available normally at the annual general meetings and other relevant general meetings to answer questions. Shareholders are also encouraged to attend general meetings held by the Company and are invited to express their views and raise questions thereat.

Shareholders should direct their enquiries about their shareholdings to the company secretary of the Company or Tricor Investor Services Limited ("**Tricor**"), the Company's branch share registrar in Hong Kong. The contact details of Tricor are set forth below:

- Address: 17/F, Far East Finance Centre,16 Harcourt Road, Hong Kong
- Telephone: (852) 2980 1333
- Facsimile: (852) 2861 1465

The contact details for Shareholders' enquiries with the Company and for putting forward requisitions are set forth below:

- Mailing address: 21/F, 238 Des Voeux Road Central, Sheung Wan, Hong Kong
- Telephone number: (852) 2310 8035
- E-mail address: ir@jsgloballife.com

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

In 2023, the Board proposed to make amendments to the Company's articles of association and to adopt the amended articles of association in order to bring the articles of association of the Company in line with the relevant requirements of the Listing Rules on shareholder protection for overseas issuers which came into effect on January 1, 2022, to make certain other housekeeping improvements. A special resolution of the shareholders was passed at the annual general meeting held on May 22, 2023 to approve the amendments to the articles of association of the Company and the adoption of the amended and restated articles of association of the Company with effect from the same date.

Please refer to the AGM circular of the Company dated April 29, 2023 for details of the amendments to the Company's articles of association. The amended and restated articles of association of the Company have been published on the Company's website (www. jsgloballife.com) and the Stock Exchange's website (www.hkexnews.hk).

Independent Auditor's Report

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of JS Global Lifestyle Company Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of JS Global Lifestyle Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 86 to 225, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group's revenue from continuing operations for the year ended December 31, 2023 amounted to US$1,429 million. There is a risk that revenue may be overstated because of fraud. Revenue as a key performance indicator of how the Group measures its performance creates financial incentives and pressures that entice management to falsify accounting records. Some contracts for the sale of products provide customers with rights of return and sales rebates. The rights of return and sales rebates give rise to variable consideration. Consideration payable to a customer also includes credit that can be applied against amounts owed to the Group. The Group accounts for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct goods or service. Judgments required by management to estimate variable consideration and consideration payable to a customer are complex due to the diverse range of contractual agreements and commercial practice across the Group's markets. The Group's disclosures about revenue recognition are included in note 2.4 *Material accounting policies,* note 3 *Significant accounting judgments and estimates* and note 5 *Revenue* to the financial statements.	Our audit procedures included, but not limited to, the following: We reviewed the key terms of major contracts with customers and assessed the accounting policy applied by the Group; We performed walkthroughs to obtain an understanding of the design of the revenue cycle for all significant streams and tested controls in the revenue recognition; We performed confirmation procedures to confirm revenue and balances of trade receivables for certain customers; We evaluated management's assumptions of estimating variable consideration and payments to customers not for a distinct goods or service by analyzing contract terms, historical information and commercial practice; We performed substantive analytical reviews to understand how the revenue has trended over the year and detailed testing on transactions during the year by tracing to agreements, invoices and shipment records; We tested revenue transactions close to the year end to verify whether they were recorded in the correct periods; We tested the journal entries related to revenue recognition focusing on unusual or irregular transactions; and We evaluated the adequacy of related disclosures in the financial statements.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

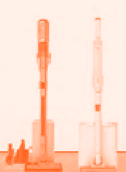
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

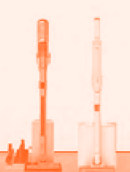
The engagement partner on the audit resulting in this independent auditor's report is Melody Lam Siu Wah.

Ernst & Young
Certified Public Accountants
Hong Kong
March 28, 2024

Consolidated Statement of Profit or Loss

For the year ended December 31, 2023

	Notes	**2023 US$'000**	2022 US$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	5	**1,428,706**	1,475,506
Cost of sales		**(942,122)**	(939,120)
Gross profit		**486,584**	536,386
Other income and gains	6	**94,496**	21,282
Selling and distribution expenses		**(256,318)**	(263,547)
Administrative expenses		**(216,043)**	(141,356)
Impairment losses on financial assets		**(4,445)**	(583)
Other expenses		**(2,819)**	(1,912)
Finance costs	8	**(19,860)**	(18,761)
Share of profits and losses of associates	21	**3,229**	5,167
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	7	**84,824**	136,676
Income tax expense	11	**(14,559)**	(25,210)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**70,265**	111,466
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	12	**79,703**	246,037
PROFIT FOR THE YEAR		**149,968**	357,503
Attributable to:			
Owners of the parent		**131,707**	332,274
Non-controlling interests		**18,261**	25,229
		149,968	357,503



Consolidated Statement of Profit or Loss

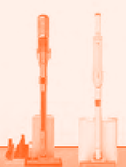
For the year ended December 31, 2023

	Notes	2023 US$'000	2022 US$'000 (Restated)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic			
– For profit for the year		**US$3.8 cents**	US$9.7 cents
– For profit from continuing operations		**US$1.5 cents**	US$2.5 cents
Diluted			
– For profit for the year		**US$3.8 cents**	US$9.6 cents
– For profit from continuing operations		**US$1.5 cents**	US$2.5 cents

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023 US$'000	2022 US$'000 (Restated)
PROFIT FOR THE YEAR	**149,968**	357,503
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(13,852)**	(75,120)
Cash flow hedges, net of tax	**(14,373)**	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(28,225)**	(75,120)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Financial assets designated at fair value through other comprehensive income:		
Changes in fair value	**(971)**	(1,908)
Income tax effect	**130**	467
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(841)**	(1,441)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(29,066)**	(76,561)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**120,902**	280,942
Attributable to:		
Owners of the parent	**108,105**	273,412
Non-controlling interests	**12,797**	7,530
	120,902	280,942

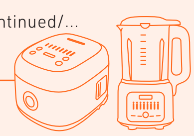


Consolidated Statement of Financial Position

As at December 31, 2023

	Notes	2023 US$'000	2022 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**91,008**	218,972
Investment properties	16	**14,607**	16,756
Prepaid land lease payments	17	**13,732**	14,533
Right-of-use assets	18	**5,516**	72,752
Goodwill	19	**5,848**	848,619
Other intangible assets	20	**4,400**	609,239
Investments in associates	21	**20,082**	30,080
Financial assets at fair value through profit or loss	22	**152,140**	76,158
Financial assets designated at fair value through other comprehensive income	22	**40,927**	42,495
Deferred tax assets	35	**18,800**	103,433
Other non-current assets	23	**14,322**	20,649
Total non-current assets		**381,382**	2,053,686
CURRENT ASSETS			
Inventories	24	**120,092**	646,270
Trade and bills receivables	25	**395,804**	1,198,025
Prepayments, other receivables and other assets	26	**79,381**	158,853
Financial assets at fair value through profit or loss	22	**50,539**	17,286
Derivative financial instruments	27	**–**	22,657
Pledged deposits	28	**56,292**	34,901
Cash and cash equivalents	28	**319,801**	504,137
Total current assets		**1,021,909**	2,582,129
CURRENT LIABILITIES			
Trade and bills payables	29	**472,410**	687,506
Other payables and accruals	30	**214,186**	663,275
Other financial liabilities	31	**–**	87,148
Interest-bearing bank borrowings	32	**–**	135,275
Lease liabilities	18	**2,532**	16,986
Tax payable		**5,630**	4,838
Total current liabilities		**694,758**	1,595,028

continued/...



Consolidated Statement of Financial Position

As at December 31, 2023

	Notes	2023 US$'000	2022 US$'000
NET CURRENT ASSETS		**327,151**	987,101
TOTAL ASSETS LESS CURRENT LIABILITIES		**708,533**	3,040,787
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	32	**–**	721,781
Lease liabilities	18	**3,177**	67,466
Deferred tax liabilities	35	**5,637**	160,656
Other non-current liabilities	36	**1,554**	26,235
Total non-current liabilities		**10,368**	976,138
Net assets		**698,165**	2,064,649
EQUITY			
Equity attributable to owners of the parent			
Issued capital	37	**34**	34
Treasury shares		**(47,495)**	(32,614)
Share premium		**433,388**	1,064,487
Capital reserve		**(60,719)**	(60,719)
Reserves	39	**210,257**	928,504
		535,465	1,899,692
Non-controlling interests		**162,700**	164,957
Total equity		**698,165**	2,064,649

Wang Xuning
Director

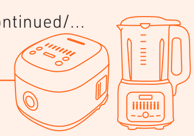
Han Run
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Attributable to owners of the parent											
	Issued capital US$'000 (note 37)	Treasury shares US$'000	Share premium US$'000	Capital reserve US$'000	Statutory reserve US$'000 (note 39)	Share award reserve US$'000	Fair value reserve US$'000	Foreign currency translation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At January 1, 2023	34	(32,614)	1,064,487	(60,719)	54,475*	21,324*	1,638*	(26,443)*	877,510*	1,899,692	164,957	2,064,649
Profit for the year	-	-	-	-	-	-	-	-	131,707	131,707	18,261	149,968
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(8,662)	-	(8,662)	(5,190)	(13,852)
Cash flow hedges, net of tax	-	-	-	-	-	-	(14,373)	-	-	(14,373)	-	(14,373)
Change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(567)	-	-	(567)	(274)	(841)
Total comprehensive income for the year	-	-	-	-	-	-	(14,940)	(8,662)	131,707	108,105	12,797	120,902
Equity-settled share award scheme	-	-	-	-	-	14,899	-	-	-	14,899	684	15,583
Settlement of share award scheme (a)	-	-	-	-	-	(24,130)	-	-	24,130	-	-	-
Dividends declared by subsidiaries	-	-	-	-	-	-	-	-	-	-	(10,858)	(10,858)
Interim dividend distributed for 2023	-	-	-	-	-	-	-	-	(17,380)	(17,380)	-	(17,380)
Repurchase of shares for share award scheme (b)	-	(35,203)	-	-	-	-	-	-	-	(35,203)	-	(35,203)
Cancellation of shares (b)	-	20,322	(20,322)	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests (c)	-	-	-	-	-	-	-	-	-	-	(3,520)	(3,520)
Distribution in specie (d)	-	-	(677,367)	-	-	-	14,373	9,893	(848,137)	(1,501,238)	(1,360)	(1,502,598)
Dividend received from distribution in specie (e)	-	-	66,590	-	-	-	-	-	-	66,590	-	66,590
At December 31, 2023	34	(47,495)	433,388	(60,719)	54,475*	12,093*	1,071*	(25,212)*	167,830*	535,465	162,700	698,165

continued/...



Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Attributable to owners of the parent											
	Issued capital US$'000 (note 37)	Treasury shares US$'000	Share premium US$'000	Capital reserve US$'000	Statutory reserve US$'000 (note 39)	Share award reserve US$'000	Fair value reserve US$'000	Foreign currency translation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At January 1, 2022	34	(2,956)	1,064,487	(27,266)	54,475	39,809	2,610	31,447	697,457	1,860,097	228,798	2,088,895
Profit for the year	-	-	-	-	-	-	-	-	332,274	332,274	25,229	357,503
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(57,890)	-	(57,890)	(17,230)	(75,120)
Change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(972)	-	-	(972)	(469)	(1,441)
Total comprehensive income for the year	-	-	-	-	-	-	(972)	(57,890)	332,274	273,412	7,530	280,942
Equity-settled share award scheme	-	-	-	-	-	8,636	-	-	-	8,636	774	9,410
Settlement of share award scheme	-	-	-	-	-	(27,121)	-	-	27,121	-	-	-
Dividends declared by subsidiaries	-	-	-	-	-	-	-	-	-	-	(56,018)	(56,018)
Final dividend declared for 2021	-	-	-	-	-	-	-	-	(179,342)	(179,342)	-	(179,342)
Repurchase of shares for share award scheme	-	(29,658)	-	-	-	-	-	-	-	(29,658)	-	(29,658)
Repurchase of a subsidiary's shares for share award scheme	-	-	-	(33,453)	-	-	-	-	-	(33,453)	(16,127)	(49,580)
At December 31, 2022	34	(32,614)	1,064,487	(60,719)	54,475*	21,324*	1,638*	(26,443)*	877,510*	1,899,692	164,957	2,064,649

Notes:

* The reserve accounts comprise the consolidated reserves of US$210,256,000 (2022: US$928,504,000) in the consolidated statement of financial position.

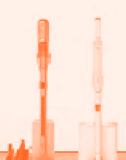
(a) The share award reserve was transferred to retained profits upon vesting of shares (including 15,003,600 shares for share award scheme).

(b) During the year ended December 31, 2023, the Company purchased 35,044,100 shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately US$35,203,000. 20,040,500 shares with an amount of approximately US$20,322,000 were cancelled on July 3, 2023.

(c) On January 10, 2023, SharkNinja Venus Technology Company Limited ("**Venus**"), a subsidiary of the Company, acquired a 12.09% interest in Qfeeltech (Beijing) Co., Limited ("**Qfeel**") from the non-controlling shareholders at a consideration amounting to US$3,520,000.

(d) During the year ended December 31, 2023, the Group completed the spin-off by way of a distribution in specie and the Company distributed all of its shares in SharkNinja Group to the shareholders of the Company, substantially has occurred concurrently with the listing of SharkNinja, Inc.

(e) During the year ended December 31, 2023, the Group received the dividend in specie in relation to the treasury shares following the distribution of SharkNinja Group as mentioned in note 12.

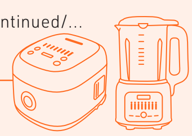


Consolidated Statement of Cash Flows

For the year ended December 31, 2023

	Notes	**2023** **US$'000**	2022 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**210,793**	456,705
From continuing operations		**84,824**	136,676
From a discontinued operation	12	**125,969**	320,029
Adjustments for:			
Finance costs		**41,350**	47,428
Share of profits and losses of associates		**(3,229)**	(5,167)
Interest income		**(9,508)**	(7,644)
Gain on disposal of items of property, plant and equipment		**1,373**	2,298
Loss on disposal of right-of-use assets		**-**	30
Gain on disposal of investment in an associate		**(15,294)**	–
Gain on financial assets at fair value through profit or loss, net		**(20,640)**	(5,209)
Depreciation of property, plant and equipment	15	**50,724**	71,758
Depreciation of investment properties	16	**1,676**	1,765
Depreciation of right-of-use assets	18	**13,287**	22,193
Amortization of prepaid land lease payments	17	**387**	418
Amortization of other intangible assets	20	**20,057**	31,914
Impairment of inventories	24	**20,236**	12,381
Impairment of trade receivables, net	25	**4,335**	8,761
Impairment of financial assets included in prepayments, other receivables and other assets		**1,464**	786
Equity-settled share award expense		**15,583**	12,250
Exchange gains		**(5,578)**	(2,782)
Increase/(decrease) in inventories		**(105,280)**	123,629
Increase in trade and bills receivables		**(84,863)**	(48,186)
Decrease/(increase) in prepayments, other receivables and other assets		**18,094**	(52,005)
Recognition of right-of-use assets		**(14,814)**	(16,668)
Recognition of lease liabilities		**14,814**	16,668
Increase in other non-current assets/liabilities		**11,153**	26,095
Increase/(decrease) in trade and bills payables		**240,627**	(191,541)
Decrease/(increase) in other payables and accruals		**(8,246)**	122,755

continued/...

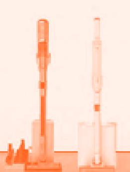


Consolidated Statement of Cash Flows

For the year ended December 31, 2023

	Notes	2023 US$'000	2022 US$'000
Cash generated from operations		**398,501**	628,632
Interest received		**9,508**	7,644
Income tax paid		**(95,890)**	(135,350)
Net cash flows from operating activities		**312,119**	500,926
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(69,618)**	(95,585)
Additions to other intangible assets		**(25,401)**	(54,470)
Disposal of investments in associates	21	**17,519**	–
Purchases of financial assets at fair value through profit or loss		**(197,149)**	(23,318)
Dividends/interest received from financial assets at fair value through profit or loss		**4,687**	2,097
Proceeds from disposal of financial assets at fair value through profit or loss		**193,540**	64,161
Proceeds from disposal of property, plant and equipment, prepaid land lease payments and intangible assets other than goodwill		**5,049**	56
Cash and bank balances included in the discontinued operation		**(244,619)**	–
Acquisition of subsidiaries		**(886)**	–
Increase in pledged deposits		**(21,391)**	(6,343)
Net cash flows used in investing activities		**(338,269)**	(113,402)

continued/...



Consolidated Statement of Cash Flows

For the year ended December 31, 2023

	Notes	2023 US$'000	2022 US$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		**(18,819)**	(22,168)
New bank loans	41	**804,383**	260,000
Bills endorsed		**–**	4,285
Repayment of bank loans	41	**(862,888)**	(348,846)
Repayment of bills payable		**–**	(4,316)
Advance to related parties		**(8,373)**	(7,602)
Dividends paid		**(28,238)**	(235,360)
Interest paid		**(41,069)**	(28,204)
Acquisition of non-controlling interests		**(3,520)**	–
Repurchase of shares under a share award scheme		**(35,203)**	(78,050)
Settlement with former owners of the acquired subsidiaries on non-traded receivables		**(5,887)**	–
Proceeds from other finance activities		**–**	304,203
Repayment of other finance activities		**–**	(217,055)
Net cash flows used in financing activities		**(199,614)**	(373,113)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(225,764)**	14,411
Cash and cash equivalents at beginning of year		**504,137**	555,457
Effect of foreign exchange rate changes, net		**41,428**	(65,731)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**319,801**	504,137
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	**109,018**	464,991
Non-pledged time deposit with original maturity of less than three months when acquired	28	**210,783**	39,146
		319,801	504,137

Notes to Financial Statements

December 31, 2023

1. Corporate and group information

JS Global Lifestyle Company Limited (JS环球生活有限公司, the "**Company**") is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- design, marketing, manufacture, export, import and distribution of a full range of floor-care products, hard-surface steam cleaning products and small kitchen appliances under the brands of "Shark" and "Ninja"; and
- design, manufacture, marketing, export and distribution of a full range of small kitchen electrical appliances under the brand of "Joyoung".

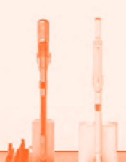
As disclosed in note 12, the Group had discontinued the operations of SharkNinja, Inc. and its subsidiaries ("**SharkNinja Group**") in July 2023 through distribution in specie, in which the Company distributed all of the shares of SharkNinja Group it held to its shareholders. SharkNinja Group was involved in design, marketing, manufacture, export, import and distribution of a full range of floor-care products, hard-surface steam cleaning products and small kitchen appliances under the brands of "Shark" and "Ninja".

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is JS&W Global Holding Limited Partnership (previously known as JS Holding Limited Partnership), which is incorporated in the Cayman Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
JS (BVI) Holding Limited ("**JS (BVI)**")	British Virgin Islands	HK$1	100	–	Investment holding
Bilting Development Limited ("**Bilting**")	British Virgin Islands	US$50,000	100	–	Investment holding
Easy Appliance Limited	British Virgin Islands	US$50,000	100	–	Investment holding
Easy Appliance Hong Kong Limited	Hong Kong SAR ("**Hong Kong**")	HK$1	–	100	Investment holding



1. Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

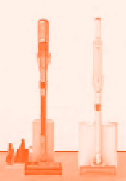
Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
JS Global Trading HK Limited ("**JS Global Trading**")	Hong Kong	HK$1	–	100	Investment holding
Shanghai Lihong Enterprises Management Co., Ltd.[1] ("**上海力鴻企業管理有限公司**") ("**Shanghai Lihong**")	PRC/Chinese Mainland	RMB321.4 million	–	100	Enterprise management, retailing of home appliances and import and export
Hangzhou Yihao Enterprises Management Co., Ltd. ("**杭州頤豪企業管理有限公司**") ("**Hangzhou Yihao**")	PRC/Chinese Mainland	–	–	100	Enterprise management, retailing of home appliances and import and export
Zheng Hong Development Company Limited ("**Zheng Hong**")	Hong Kong	EUR41 million	–	100	Investment holding
Joyoung Co., Ltd.[2] ("**九陽股份有限公司**")	PRC/Chinese Mainland	RMB767.02 million	–	67	Manufacture and sale of home appliances, housing leasing, advertising and consultancy
Hangzhou Joyoung Household Electric Appliances Limited[1] ("**杭州九陽小家電有限公司**")	PRC/Chinese Mainland	RMB976.3 million	–	67	Research and development, manufacture and sale of home appliances and import and export

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Joyoung Life Electric Co., Limited[1] ("杭州九陽生活電器有限公司")	PRC/Chinese Mainland	RMB3 million	–	67	Manufacture and sale of home appliances
Hangzhou Joyoung Water Purification System Co., Limited[1] ("杭州九陽淨水系統有限公司")	PRC/Chinese Mainland	RMB81 million	–	61	Research and development, manufacture and sale of water purification equipment and import and export
Hangzhou Joyoung Electronic Technology Co., Limited[1] ("杭州九陽電子信息技術有限公司")	PRC/Chinese Mainland	RMB50 million	–	67	Development of IT, e-commerce, manufacture, wholesale and retailing of home appliances
Joyoung Holdings (Hong Kong) Limited ("九陽股份 (香港) 有限公司")	Hong Kong	US$900,000	–	67	Manufacture and sale of home appliances, marketing, supply chain management, consultancy and import and export
Shandong Jiuchuang Household Appliances Co., Ltd.[1] ("山東九創家電有限公司")	PRC/Chinese Mainland	RMB5 million	–	67	Property management services, real estate development, conference and exhibition and consultancy

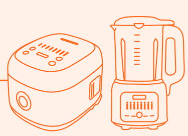


1. Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
SharkNinja (China) Technology Co., Limited[1] ("尚科寧家(中國)科技有限公司")	PRC/Chinese Mainland	RMB150 million	–	67	Sale, installation and maintenance of home appliances, e-commerce and import and export
Tonglu Joyoung Electronic Commerce Co., Limited[1] ("桐廬九陽電子商務有限公司")	PRC/Chinese Mainland	RMB3 million	–	67	E-commerce manufacture and sale of home appliances
Hangzhou Jiuchuang Household Electric Appliances Co., Ltd.[1] ("杭州九創家電有限公司")	PRC/Chinese Mainland	RMB48 million	–	67	Manufacture and sale of home appliances
Lishui Jiuchuang Household Electric Appliances Co., Ltd.[1] ("麗水九創家電有限公司")	PRC/Chinese Mainland	RMB5 million	–	67	Manufacture and sale of home appliances
Shandong Jiuyang Household Electrical Appliances Co., Ltd.[1] ("山東九陽生活電器有限公司")	PRC/Chinese Mainland	RMB3 million	–	67	Manufacture and sale of home appliances
Joyoung (Hong Kong) Technology Innovation Center Limited ("九陽股份(香港)科技創新中心有限公司")	Hong Kong	US$1	–	67	Research and development

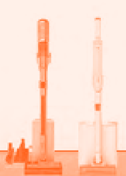


1. Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhuhai Hengqin Jiujiu Time Equity Investment Fund Partnership (L.P.)[1] ("珠海橫琴玖玖時光股權投資基金合夥企業(有限合夥)")	PRC/Chinese Mainland	RMB100.01 million	–	66	Equity investment
Hangzhou JS Household Electric Appliances Co., Ltd.[1] ("杭州九尚小家電有限公司")	PRC/Chinese Mainland	RMB1 million	–	100	Administrative service
Shenzhen JS Household Electric Appliances Co., Ltd.[1] ("深圳九尚小家電有限公司")	PRC/Chinese Mainland	RMB1 million	–	100	Procurement and office support service
JS Global APAC Holding Pte. Ltd.	Singapore	US$8.5 million	–	100	Activities of head and regional head offices; centralised administrative offices and subsidiary management offices
SharkNinja Pty. Ltd (formerly known as Mann & Noble Pty. Ltd.)	Australia	AU$12.8 million	–	100	Wholesale of household electrical appliances and equipment
Mann & Noble Retail Brands Malaysia Sdn. Bhd.	Malaysia	RM$1 million	–	100	Wholesale of household electrical appliances and equipment
SharkNinja Singapore Pte. Ltd (formerly known as Mann & Noble Retail Brands Singapore Pte. Ltd.)	Singapore	SG$1	–	100	Wholesale of household electrical appliances and equipment



1. Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

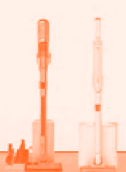
Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
SharkNinja New Zealand Ltd. (formerly known as Mann & Noble New Zealand Ltd.)	New Zealand	NZ$100	–	100	Wholesale of household electrical appliances and equipment
SharkNinja Co., Ltd.	Japan	JPY1 million	–	100	Sale of home appliances
SharkNinja Operating LLC[3]	United States	-	–	–	Research and development, sale of home appliances
SharkNinja Management LLC[3]	United States	-	–	–	Employment and administrative services
SharkNinja (Hong Kong) Company Limited[3]	Hong Kong	HK$1	–	–	Procurement, import and export and equity investment
SharkNinja Venus Technology Company Limited[3]	Hong Kong	HK$1	–	–	Investment holding
Shenzhen SharkNinja Technology Co., Ltd.[1,3] ("深圳尚科寧家科技有限公司")	PRC/Chinese Mainland	RMB13.5 million	–	–	Manufacture and sale of home appliances, marketing, supply chain management and consultancy
Suzhou SharkNinja Technology Co., Ltd.[1,3] ("蘇州尚科寧家科技有限公司")	PRC/Chinese Mainland	US$1 million	–	–	Manufacture, supply chain management and consultancy
SharkNinja UK Ltd.[3]	United Kingdom	-	–	–	–

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
SharkNinja EPE Ltd.[3]	United Kingdom	–	–	–	–
Global Appliance UK HoldCo Limited[3]	United Kingdom	GBP109	–	–	Investment holding
SharkNinja Global SPV, Limited ("**SharkNinja Global**")[3]	Cayman Islands	US$50,000	–	–	Investment holding
SharkNinja Global SPV2 Limited[3]	Cayman Islands	US$50,000	–	–	Investment holding
Global Appliance LLC[3]	United States	US$0.1	–	–	Investment holding
EP Midco LLC[3]	United States	–	–	–	Investment holding
Euro-Pro International Holding Company[3]	United States	–	–	–	Investment holding
SharkNinja Europe Ltd[3]	United Kingdom	GBP100	–	–	Sale of home appliances
UK Euro-Pro Limited[3]	United Kingdom	GBP100	–	–	Research and development services
SharkNinja Sales Company[3]	United Kingdom	–	–	–	Retailing of home appliances
Euro-Pro Hong Kong Limited[3]	Hong Kong	HK$10,000	–	–	Investment holding and provision of consulting services



1. Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qfeeltech (Beijing) Co., Limited[1,3] ("速感科技(北京)有限公司")	PRC/Chinese Mainland	RMB2 million	–	–	Research and development of robotics technology, computer software and hardware technology development
SharkNinja Canada Co.[3]	Canada	–	–	–	Employment and administrative services
SharkNinja France[3]	France	EUR 15,000	–	–	Sale of home appliances
SharkNinja Germany GmBH[3]	Germany	EUR 25,000	–	–	Sale of home appliances
SharkNinja Italy S.R.L[3]	Italy	EUR 10,000	–	–	Sale of home appliances
SharkNinja Australia PTY Limited[3]	Australia	US$1	–	–	Sale of home appliances

1 Registered as limited liability companies under PRC law.

2 Joyoung Co., Ltd. is a company registered in the PRC on July 8, 2002 and its A Shares have been listed on the Shenzhen Stock Exchange since May 28, 2008 under the stock code 002242. As at December 31, 2023, the Company indirectly held approximately 67% equity interest in Joyoung Co., Ltd. through Shanghai Lihong and Bilting. Therefore, the Company was considered as having control over Joyoung Co., Ltd. as at December 31, 2023.

3 These companies ceased to be the subsidiaries of the Company in 2023 as a result of the distribution in specie. Detail information has been disclosed in note 12.

Notes to Financial Statements

December 31, 2023

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Standing Interpretations Committee interpretations issued and approved by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial liabilities associated with the put option which have been measured at fair value. These financial statements are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended December 31, 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

2.2 Changes in accounting policies and disclosures (continued)

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since January 1, 2023. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at January 1, 2022, with any cumulative effect recognized as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. The adoption of amendments to IAS 12 did not have any material impact on the financial position or performance of the Group.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect.

The Group has applied for the temporary exception during the current year and the Group is working on impact assessment of Pillar Two.

2.3 Issued but not yet effective international financial reporting standards

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[1,3]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[1, 3]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 *Effective for annual periods beginning on or after January 1, 2024*

2 *Effective for annual periods beginning on or after January 1, 2025*

3 *As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion*

Further information about those IFRSs that are expected to be applicable to the Group is described below:

(a) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2.3 Issued but not yet effective international financial reporting standards (continued)

(b) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The Group is currently assessing the impact of the amendments.

(c) Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The Group is currently assessing the impact of the amendments.

2.4 Material accounting policies

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

2.4 Material accounting policies (continued)

Investments in associates (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss and financial assets designated at fair value through other comprehensive income at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 Material accounting policies (continued)

Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 Material accounting policies (continued)

Impairment of non-financial assets (continued)

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 Material accounting policies (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.5% to 4%
Leasehold improvements	Over the shorter of the lease terms and estimated useful life
Furniture and fixtures	7.5% to 32.33%
Machinery	6.0% to 19%
Motor vehicles	33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents the Group's buildings, leasehold improvements, furniture and fixtures and machinery under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction during the period of construction. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as right-of-use assets which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life of 20 to 40 years.

2.4 Material accounting policies (continued)

Investment properties (continued)

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its carrying amount at the date of change in use and vice versa. No gain or loss is recognized in profit or loss during the change in use of the property.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic lives of 2.5 to 12.5 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Trademarks

The cost of trademarks acquired in the business combination is the fair value at the date of acquisition. The Group intends to continuously renew the trademarks and such renewal is expected to be at little costs. Thus, the useful lives of these trademarks are considered to be indefinite as it is expected to contribute to net cash inflow of the Group indefinitely. Considering their indefinite useful lives, the trademarks are not amortized and individually tested for impairment annually. The useful life of trademark is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patents

Patents are stated at cost less any impairment losses and are amortized on the straight-line basis over their remaining legal lives of 2.5 to 12.5 years since being purchased.

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill) (continued)

Patents (continued)

The patents included a wide range of patents which covers and protects the design and utility for the technology that was applied to the products of SharkNinja Global and its subsidiaries. Each patent can contribute to several products and can be used for several generations of products. The Group's technology is considered one of the successful factors to the business and operation. Based on the historical lives of the Group's products and technology, the technology content growth is slow and existing technology will be gradually developed and replaced by new technology. Management expected most of the estimated economic benefit would be realized in 10 years even though the remaining legal terms of individual registered patents are 15 years. The patents are subsequently amortized on the straight-line basis of 10 years, which is the shorter of the legal terms and the estimated useful life.

Retailer relationships

The Euro-Pro Group sells goods to most of the major retailers in the US and Canada. This retailer base has been very stable for many years. The retailer relationships can ensure that the Company has shelf space at these retailers. The Company expects that most of the estimated economic benefit will be realized in 9 years based on yearly attrition in revenue generated from these existing relationships. The retailer relationships acquired in business combinations are subsequently amortized on the straight-line basis over their estimated useful lives of 9 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Certain consulting, prototype, legal and other expenditures incurred on projects to develop new core components of new product categories are capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortized on the straight-line basis from the date when they are available for use over their estimated useful lives of 10 years with reference to the historical life cycle of core components of a similar kind which can be utilized in several generations of products.

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill) (continued)

Technology

The cost of technology acquired in the business combination is the fair value at the date of acquisition. Technology is subsequently amortized on the straight-line basis over its estimated useful life of 12 years.

Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful lives of 3 to 10 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on the straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1 to 8 years
Motor vehicles	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on the straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

2.4 Material accounting policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as financial assets designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividends will flow to the Group and the amount of the dividends can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Financial assets designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognized the as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividends will flow to the Group and the amount of the dividends can be measured reliably.

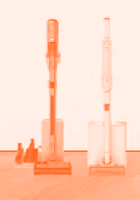
A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



2.4 Material accounting policies (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 Material accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, derivative financial instruments, interest-bearing bank borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing bank borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

2.4 Material accounting policies (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

2.4 Material accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

2.4 Material accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges(continued)

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in the statement of profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognized in the statement of profit or loss.

2.4 Material accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancelation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis and, in the case of finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4 Material accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products and the provision of services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognized based on sales volume and past experience of the level of repairs and returns.

2.4 Material accounting policies (continued)

Discontinued operation

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with IFRS 5, if earlier. When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and

- The post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

The Group re-presented the disclosures for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

The classification, presentation and measurement requirements applicable to a non-current asset (or disposal group) that is classified as held for sale apply also to a non-current asset (or disposal group) that is classified as held for distribution to owners acting in their capacity as owners (held for distribution to owners).

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

2.4 Material accounting policies (continued)

Income tax (continued)

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognized for the Pillar Two income taxes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

2.4 Material accounting policies (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred revenue account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of products

Revenue from the sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Some contracts for the sale of products provide customers with rights of return and sales rebate. The Group provides extended warranties which are accounted for as service-type warranties. The rights of return and sales rebates give rise to variable consideration. Consideration payable to a customer also includes credit that can be applied against amounts owed to the Group. The Group accounts for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct goods or service.

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(i) Variable consideration

Rights of return

For contracts which provide a customer with a right to return the goods, either the expected value method or the most likely amount method is used to estimate the goods for different contracts and customers that will not be returned. The selected method best predicts the amount of variable consideration to which the Group will be entitled for different contracts and customers. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Sales rebates

Various types of sales rebates may be provided to different customers. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used because this method best predicts the amount of variable consideration in the contract, given the large number of customer contracts that have similar characteristics. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

(ii) Consideration payable to a customer

The Group accounts for consideration payable to a customer as a reduction of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. If the consideration payable to a customer includes a variable amount, the Group estimates the transaction price, including assessing whether the estimate of variable consideration is constrained. To estimate the variable consideration, the most likely amount method is used, as this method best predicts the amount of variable consideration, given the large number of customer contracts that have similar characteristics.

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(iii) Extended warranties

The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties. However, in certain contracts, the Group provides extended warranties. Such warranties are accounted for as service-type warranties and, therefore, are accounted for as separate performance obligations to which the Group recognizes contract liabilities for the unfulfilled extended warranties by allocating a portion of the transaction price based on the relative stand-alone selling price. Revenue is subsequently recognized over time based on the time elapsed.

(b) Sourcing services

Revenue from sourcing services is recognized over time, which are principally in supply chain management and consultancy of home appliance products and charged at a mark-up rate of the purchase amount, because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognized on a time proportion basis over the lease terms.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividends will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 Material accounting policies (continued)

Contract costs

Other than the costs which are capitalized as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalized as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalized contract costs are amortized and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Right-of-return assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2.4 Material accounting policies (continued)

Share-based payments

The Company and some subsidiaries of the Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer, further details of which are given in note 38 to the financial statements.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market condition or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 Material accounting policies (continued)

Share-based payments (continued)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially at the grant date and at each reporting date up to and including the settlement date based on the observable inputs in the stock exchange market (note 38). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cumulative expense recognized for cash-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

2.4 Material accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Distribution of non-cash assets to owners

Upon loss of control of a subsidiary through distribution of shares in the subsidiary to the shareholders of the Company where the subsidiary is ultimately controlled by the same parties both before and after the distribution, the Group (a) derecognizes the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and (b) measures the distribution and the liability to distribute non-cash assets as a dividend to its owners at the carrying amount of the net assets to be distributed.

Foreign currencies

These financial statements are presented in US$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

2.4 Material accounting policies (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than US$. As at the end of the reporting period, the assets and liabilities of these entities are translated into US$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US$ at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

3. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount of revenue from contracts with customers:

Certain contracts for the sale of products include a right of return and sales rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that using a combination of the most likely amount method and the expected value method is appropriate in estimating the variable consideration for the sale of products with rights of return. The selected method best predicts the amount of variable consideration to which the Group will be entitled for different contracts and customers. In estimating the variable consideration for the sale of products with sales rebates and consideration payable to a customer, the Group determined that using the most likely amount method is appropriate.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

3. Significant accounting judgments and estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable consideration for returns and sales rebates and consideration payable to a customer

The Group estimates variable consideration to be included in the transaction price for the sale of products with rights of return, sales rebates and consideration payable to a customer.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the most likely amount of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected sales rebates are analyzed on a per customer basis for contracts that are subject to different percentages of gross purchase by product categories. Determining whether a customer will likely be entitled to a sales rebate depends on the customer's historical rebate entitlement, accumulated purchases to date and the negotiated terms of the sales rebate programs.

The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the most likely amount of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

3. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Variable consideration for returns and sales rebates and consideration payable to a customer (continued)

The Group's expected consideration payable to customers is analyzed on a per-customer basis. Determining whether a customer will likely be entitled to the payment and whether the payment will be for a distinct good or service from the customer depends on the customer's historical entitlement and the negotiated terms of different promotion programs.

The Group updates its assessment of expected returns, sales rebates and consideration payable to the customers monthly and the refund liabilities are adjusted accordingly. Estimates of expected returns, sales rebates and consideration payable to the customers are sensitive to changes in circumstances and the Group's past experience regarding returns, sales rebates and consideration payable to the customers entitlement may not be representative of customers' actual returns, sales rebates and consideration payable to the customers entitlement in the future. The amount recognized as refund liabilities as at December 31, 2023 was US$6,911,000 (2022: US$285,882,000) for the expected returns, sales rebates and consideration payable to the customers.

Impairment of goodwill and intangible assets with indefinite useful lives

The Group determines whether goodwill and intangible assets with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill and intangible assets with indefinite useful lives are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill and intangible assets with indefinite useful lives as at December 31, 2023 was US$7,772,000 (2022: US$1,234,587,000). Further details are given in notes 19 and 20 to the financial statements.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognized tax losses at December 31, 2023 was US$5,945,000 (2022: US$6,915,000). The amount of unrecognized tax losses at December 31, 2023 was US$90,172,000 (2022: US$90,190,000).

3. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Fair value of financial assets

Where the fair value of financial assets recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimates is required in establishing fair values. The estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Group classifies the fair value of these financial assets as Level 3. The fair value of the financial assets at December 31, 2023 was US$130,214,000 (2022: US$135,934,000). Further details are included in note 22 to the financial statements.

Equity-settled share award schemes

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is based on an observable market price, which involve estimating performance conditions, service conditions and leaver rate as detailed in note 38 to the financial statements.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

3. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Equity-settled share award schemes (continued)

A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially at the grant date and at each reporting date up to and including the settlement date based on an observable market price (note 38). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cumulative expense recognized for cash-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest.

Development costs

Development costs are capitalized in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At December 31, 2023, there was no capitalized development cost (2022: US$77,325,000).

4. Operating segment information

As mentioned in note 1, following the discontinuing of the operation of SharkNinja Group, SharkNinja operating in Asia Pacific Region is separated from the original SharkNinja segment and becomes a separate segment of the Group. For management purposes, the Group has re-organized into business units based on its operations and has two reportable operating segments accordingly, which is illustrated as follows:

(a) the Joyoung segment was involved in the design, manufacture, marketing, export and distribution of a full range of small kitchen electrical appliances under the brand of "Joyoung"; and

(b) the SharkNinja APAC segment, which operates in Asia Pacific Region, was involved in the design, marketing, manufacture, provision of sourcing services, export, import and distribution of a full range of floor care products, hard-surface steam cleaning products and small kitchen appliances under the brands of "Shark" and "Ninja".

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations. The adjusted profit before tax is measured consistently with the Group's profit before tax from continuing operations except the head office and corporate income and expenses which are excluded from such measurement. The head office and corporate income and expenses include exchange gains or losses, interest income, non-lease-related finance costs, and other unallocated corporate income and expenses.

4. Operating segment information (continued)

Year ended December 31, 2023	Joyoung US$'000	SharkNinja APAC US$'000	Total US$'000
Segment revenue			
Sales to external customers	1,190,033	151,732	1,341,765
Sourcing services	–	86,941	86,941
Intersegment sales	152,556	–	152,556
Total segment revenue	1,342,589	238,673	1,581,262
Reconciliation:			
Elimination of intersegment sales			(152,556)
Revenue from continuing operations (note 5)			1,428,706
Segment results	62,773	75,710	138,483
Reconciliation:			
Interest income			557
Exchange gain			5,095
Unallocated income			2,724
Finance costs			(19,484)
Corporate and other unallocated expenses			(42,551)
Profit before tax			84,824
Other segment information			
Share of profits and losses of associates	3,229	–	3,229
Impairment of inventories and financial assets recognized in profit or loss	5,580	–	5,580
Depreciation and amortization	15,080	2,947	18,027
Interest income	5,589	–	5,589
Finance costs	321	55	376
Investments in associates	20,082	–	20,082
Capital expenditure*	10,032	380	10,412

4. Operating segment information (continued)

Year ended December 31, 2022	Joyoung US$'000	SharkNinja APAC US$'000	Total US$'000
Segment revenue			
Sales to external customers	1,325,306	63,940	1,389,246
Sourcing services	–	86,260	86,260
Intersegment sales	173,894	–	173,894
Total segment revenue	1,499,200	150,200	1,649,400
Reconciliation:			
Elimination of intersegment sales			(173,894)
Revenue from continuing operations (note 5)			1,475,506
Segment results	88,275	69,888	158,163
Reconciliation:			
Interest income			200
Exchange gain			10,792
Unallocated income			1,931
Finance costs			(18,118)
Corporate and other unallocated expenses			(16,292)
Profit before tax			136,676
Other segment information			
Share of profits and losses of associates	5,167	–	5,167
Impairment/(reversal of impairment) of inventories and financial assets recognized in profit or loss	4,237	–	4,237
Depreciation and amortization	17,480	2,450	19,930
Interest income	6,065	–	6,065
Finance costs	637	6	643
Investments in associates	30,080	–	30,080
Capital expenditure*	17,761	397	18,158

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and other intangible assets, including assets from the acquisition of a subsidiary.

4. Operating segment information (continued)

Geographical information

(a) Revenue disaggregated by location are as follows:

	2023 US$'000	2022 US$'000 (Restated)
Chinese Mainland	**1,037,566**	1,307,225
Japan	**91,837**	64,207
Australia and New Zealand	**43,814**	–
Other countries/regions	**255,489**	104,074
Total revenue	**1,428,706**	1,475,506

(b) Non-current assets

	2023 US$'000	2022 US$'000
Chinese Mainland	**286,880**	139,216
Japan	**13,540**	2,417
Australia and New Zealand	**4**	–
Other countries/regions	**80,958**	1,923
Total non-current assets	**381,382**	143,556

The non-current assets information above is based on the locations of the assets and included property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets, and intangible assets other than goodwill.

4. Operating segment information (continued)

Information about major customers

Revenue from a major customer accounting for more than 10% of total revenue from continuing operations of the Group for the years ended December 31, 2023 and 2022.

	2023	2022
	%	%
Customer A	**12**	–

All revenue derived from other individual external customers was less than 10% of the Group's total revenue from continuing operations for the years ended December 31, 2023 and 2022.

5. Revenue

An analysis of revenue is as follows:

	2023	2022
	US$'000	US$'000
		(Restated)
Revenue from contracts with customers		
Sale of goods	**1,341,765**	1,389,246
Sourcing services	**86,941**	86,260
Total revenue	**1,428,706**	1,475,506

5. Revenue (continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023 US$'000	2022 US$'000 (Restated)
Geographical markets		
Chinese Mainland	**1,037,566**	1,307,225
Japan	**91,837**	64,207
Australia and New Zealand	**43,814**	–
Other countries/regions	**255,489**	104,074
Total revenue from contracts with customers	**1,428,706**	1,475,506

	2023 US$'000	2022 US$'000
Timing of revenue recognition		
Goods transferred at a point in time	**1,341,765**	1,389,246
Services transferred over time	**86,941**	86,260
Total revenue from contracts with customers	**1,428,706**	1,475,506

The following table shows the amounts of revenue recognized in the current Reporting Period from continuing operation that were included in the contract liabilities at the beginning of the Reporting Period:

	2023 US$'000	2022 US$'000
Sale of goods and provision of extended warranties	**23,981**	26,250

5. Revenue (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of home appliances

The performance obligation is satisfied upon delivery of the home appliances and payment is generally due within 60 and 90 days upon delivery. Some contracts provide customers with a right of return, sales rebates and extended warranties which give rise to variable consideration subject to constraint.

Sourcing services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of sourcing services and normally no payment in advance is required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2023	2022
	US$'000	US$'000
Amounts expected to be recognized as revenue:		
Within one year	**17,418**	23,981

6. Other income and gains

	Note	2023 US$'000	2022 US$'000 (Restated)
Other income			
Bank interest income		**6,146**	6,265
Net rental income from investment property operating leases		**1,638**	2,815
Government grants		**9,936**	14,771
Others		**6,670**	2,918
Total other income		**24,390**	26,769
Gains			
Gain on disposal of items of property, plant and equipment		**347**	–
Gain/(loss) on financial assets at fair value through profit or loss, net		**46,271**	(17,448)
Gain on disposal of associates, net	21	**15,294**	–
Foreign exchange differences, net		**7,453**	11,780
Others		**741**	181
Total gains/(losses)		**70,106**	(5,487)
Total other income and gains		**94,496**	21,282

7. Profit before tax from continuing operations

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2023 US$'000	2022 US$'000 (Restated)
Cost of inventories sold	**942,122**	939,120
Depreciation of property, plant and equipment	**10,456**	10,599
Depreciation of investment properties	**1,676**	1,765
Depreciation of right-of-use assets	**5,274**	6,660
Amortization of prepaid land lease payments	**387**	418
Amortization of other intangible assets		
(excluding capitalized development costs)*	**234**	488
Research and development costs:		
Current year expenditure	**55,154**	58,042
Lease payments not included in the measurement of lease liabilities	**3,888**	4,550
Auditor's remuneration	**944**	941
Employee benefit expense		
(excluding directors' and chief executive's remuneration):		
Wages and salaries	**114,833**	129,559
Equity-settled share award expense	**4,039**	3,099
Pension scheme contributions**	**8,865**	8,389
Total	**127,737**	141,047

7. Profit before tax from continuing operations (continued)

The Group's profit before tax from continuing operations is arrived at after charging/(crediting): (continued)

	2023 US$'000	2022 US$'000 (Restated)
Foreign exchange differences, net	**(7,453)**	(11,780)
Impairment of inventories	**1,135**	3,654
Impairment of financial assets, net:		
Impairment/(reversal of impairment) of trade receivables, net	**2,981**	(203)
Impairment of financial assets included in prepayments, other receivables and other assets	**1,464**	786
Total	**4,445**	583
Product warranty provision:		
Additional provision	**–**	2,150
(Gain)/loss on disposal of items of property, plant and equipment	**(347)**	48
(Gain)/loss on financial assets at fair value through profit or loss, net	**(46,271)**	17,448
Gain on disposal of associates, net	**(15,294)**	–
Loss on disposal of right-of-use assets	**–**	30
Government grants***	**(9,936)**	(14,771)

Notes:

* The amortization of software for the year is included in "Administrative expenses" and "Selling and distribution expenses" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** Various government grants have been received for setting up research activities and alleviating unemployment in Chinese Mainland. Government grants received for which related expenditure has not yet been undertaken are recognized as deferred income and included in other non-current liabilities in the statement of financial position.

8. Finance costs

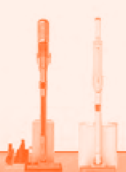
An analysis of finance costs is as follows:

	2023 US$'000	2022 US$'000 (Restated)
Interest on bank loans	**13,418**	15,065
Interest on lease liabilities	**312**	498
Amortization of deferred finance costs	**6,066**	2,824
Other finance costs	**64**	374
Total	**19,860**	18,761

9. Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 US$'000	2022 US$'000
Fees	**437**	202
Salaries, allowances and benefits in kind	**2,637**	2,764
Performance-related bonuses*	**6,771**	3,120
Pension scheme contributions	**21**	21
Share award expenses**	**51,055**	3,644
Total fees	**60,921**	9,751



9. Directors' remuneration (continued)

Notes:

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the Group's net profit plus a percentage of the Group's revenue.

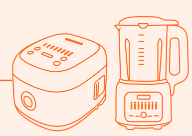
** During the year, certain directors were granted share awards, in respect of their services to the Group, under the share award schemes of the Group, further details of which are set out in note 38 to the financial statements. The fair value of such awards, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023 **US$'000**	2022 US$'000
Dr. Wong Tin Yau Kelvin (note (i))	**–**	33
Mr. Yuan Ding	**114**	26
Mr. Timothy Roberts Warner (note (ii))	**20**	38
Mr. Yang Xianxiang	**101**	38
Mr. Sun Zhe (note (iii))	**101**	–
Total	**336**	135

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).



Notes to Financial Statements

December 31, 2023

9. Directors' remuneration (continued)

(b) Executive directors and non-executive directors

2023

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Pension scheme contributions US$'000	Share award expenses US$'000 (note (iv))	Total US$'000
Executive directors:						
Mr. Wang Xuning	-	1,917	3,832	2	34,085	39,836
Ms. Han Run	-	609	2,716	17	16,970	20,312
Ms. Huang Shuling	-	111	223	2	-	336
	-	2,637	6,771	21	51,055	60,484
Non-executive directors:						
Mr. Hui Chi Kin Max (note (v))	-	-	-	-	-	-
Mr. Stassi Anastas Anastassov	101	-	-	-	-	101
Mr. Sun Zhe	-	-	-	-	-	-
	101	-	-	-	-	101
Total	101	2,637	6,771	21	51,055	60,585

9. Directors' remuneration (continued)

(b) Executive directors and non-executive directors (continued)

2022

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Pension scheme contributions US$'000	Share award expenses US$'000	Total US$'000
Executive directors:						
Mr. Wang Xuning	–	1,916	1,277	2	2,915	6,110
Ms. Han Run	–	655	1,589	17	729	2,990
Ms. Huang Shuling	–	193	254	2	–	449
	–	2,764	3,120	21	3,644	9,549
Non-executive directors:						
Mr. Hui Chi Kin Max	–	–	–	–	–	–
Mr. Stassi Anastas Anastassov	38	–	–	–	–	38
Mr. Sun Zhe	29	–	–	–	–	29
	67	–	–	–	–	67
Total	67	2,764	3,120	21	3,644	9,616

Notes:

(i) Dr. Wong Tin Yau Kelvin resigned on August 29, 2022.

(ii) Mr. Timothy Roberts Warner resigned on July 30, 2023.

(iii) Mr. Sun Zhe, who was previously in the position of a non-executive director, has been appointed as an Independent non-executive director since July 30, 2023.

(iv) The share award expenses in 2023 included US$50,957,000 which is related to JS RSU Scheme – 2023 tranche 2 as detailed in note 38.

(v) Mr. Hui Chi Kin Max resigned on July 30, 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Notes to Financial Statements

December 31, 2023

10. Five highest paid employees

The five highest paid employees during the year included two (2022: two) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year for the remaining three (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 **US$'000**	2022 US$'000
Salaries, allowances and benefits in kind	**1,174**	2,963
Performance-related bonuses	**14,008**	48,093
Pension scheme contributions	**37**	30
Share award expenses	**1,650**	4,624
Total	**16,869**	55,710

10. Five highest paid employees (continued)

No remuneration was paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for the loss of any office in connection with the management of the affairs of any member of the Group distinguishing between contractual payments and other payments (excluding the amounts as disclosed in the table above). The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
HK$13,000,001 to HK$14,000,000 (equivalent to US$1,659,954 to US$1,787,676)	**1**	–
HK$23,000,001 to HK$24,000,000 (equivalent to US$2,937,184 to US$3,064,906)	**–**	1
HK$26,000,001 to HK$27,000,000 (equivalent to US$3,320,353 to US$3,448,075)	**1**	–
HK$46,000,001 to HK$47,000,000 (equivalent to US$5,874,813 to US$6,002,535)	**–**	1
HK$92,000,001 to HK$93,000,000 (equivalent to US$11,750,071 to US$11,877,793)	**1**	–
HK$365,000,001 to HK$366,000,000 (equivalent to US$46,618,450 to US$46,746,172)	**–**	1
Total	**3**	3

Share awards were granted to the above non-director and non-chief executive highest paid employees in respect of their services to the Group. The fair value of such share awards, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

Notes to Financial Statements

December 31, 2023

11. Income tax

	2023	2022
	US$'000	US$'000
		(Restated)
Current income tax charge/(credit):		
In Chinese Mainland	**11,051**	15,968
In Hong Kong	**10,131**	8,442
Elsewhere	**(827)**	993
Deferred income tax (note 35):		
In Chinese Mainland	**(6,139)**	(193)
In Hong Kong	**343**	–
Total tax charge for the period from continuing operations	**14,559**	25,210
Total tax charge for the period from a discontinued operation	**46,266**	73,992
Total	**60,825**	99,202

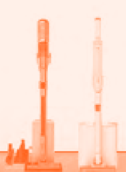
The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The determination of current and deferred income taxes was based on the enacted tax rates.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Under the relevant PRC income tax law, except for certain preferential treatments available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% (2022: 25%) on their respective taxable income. As at December 31, 2023, three (2022: four) of the Group's entities have obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

The Group realized tax benefits during the year through applying the preferential corporate income tax rates and the corporate income tax exemptions. These preferential tax treatments were available to the Group pursuant to the enacted PRC tax rules and regulations and are subject to assessment by the relevant PRC tax authorities.



11. Income tax (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

2023

	Chinese Mainland		The United States		Hong Kong		The United Kingdom		Others		Total	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Profit before tax from continuing operations	61,918		-		117,927		-		(95,021)		84,824	
Profit before tax from a discontinued operation	3,248		53,428		11,068		56,441		1,784		125,969	
Total	65,166		53,428		128,995		56,441		(93,237)		210,793	
Tax at the statutory tax rates	16,291	25.0	11,220	21.0	21,284	16.5	12,982	23.0	488	(0.5)	62,265	29.5
(Lower)/higher tax charges for specific provinces or enacted by local authority	(4,365)	(6.7)	1,927	3.6	-	-	-	-	6	-	(2,432)	(1.2)
Effect of withholding tax on the distributable profits of Group's subsidiaries	279	0.4	-	-	-	-	21,960	38.9	-	-	22,239	10.6
Effect on opening deferred tax of decrease in tax rates	(1,200)	(1.8)	-	-	-	-	359	0.6	-	-	(841)	(0.4)
Adjustments in respect of current tax of prior years	(372)	(0.6)	31	0.1	8	-	-	-	-	-	(333)	(0.2)
Expenses not deductible for tax	206	0.3	-	-	-	-	-	-	2	-	208	0.1
Income not subject to tax	(203)	(0.3)	-	-	(8,810)	(6.8)	(1,360)	(2.4)	(26)	-	(10,399)	(4.9)
Profits and losses attributable to associates	(624)	(1.0)	-	-	-	-	-	-	-	-	(624)	(0.3)
Adjustment upon disposal of associates	2,288	3.5	-	-	-	-	-	-	-	-	2,288	1.1
Super deduction on research and development costs	(8,278)	(12.7)	(4,873)	(9.1)	-	-	-	-	-	-	(13,151)	(6.2)
Tax losses utilized from previous years	-	-	-	-	(174)	(0.1)	-	-	-	-	(174)	(0.1)
Temporary difference and tax losses not recognized	299	0.5	1,137	2.1	-	-	1,170	2.1	(827)	0.9	1,779	0.8
Tax charge/(credit) at the Group's effective tax rate	4,321	6.6	9,442	17.7	12,308	9.5	35,111	62.2	(357)	0.4	60,825	28.9
Tax charge from continuing operations at the effective rate	4,912	7.9	-	-	10,474	8.9	-	-	(827)	0.9	14,559	17.2
Tax charge from a discontinued operation at the effective rate	(591)	(18.2)	9,442	17.7	1,834	16.6	35,111	62.2	470	26.3	46,266	36.7

11. Income tax (continued)

2022

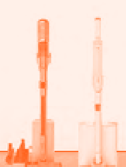
	Chinese Mainland US$'000	%	The United States US$'000	%	Hong Kong US$'000	%	The United Kingdom US$'000	%	Others US$'000	%	Total US$'000	%
Profit before tax from continuing operations	90,830		-		78,767		-		(32,921)		136,676	
Profit before tax from a discontinued operation	4,998		267,599		27,705		18,136		1,591		320,029	
Total	95,828		267,599		106,472		18,136		(31,330)		456,705	
Tax at the statutory tax rates	23,957	25.0	56,196	21.0	17,568	16.5	3,446	19.0	1,078	(3.4)	102,245	22.4
(Lower)/higher tax charges for specific provinces or enacted by local authority	(6,541)	(6.8)	7,063	2.6	-	-	-	-	(113)	0.4	409	0.1
Effect of withholding tax on the distributable profits of Group's subsidiaries	4,685	4.9	-	-	-	-	3,091	17.0	-	-	7,776	1.7
Effect on opening deferred tax of decrease in tax rates	-	-	-	-	-	-	(1,785)	(9.8)	-	-	(1,785)	(0.4)
Adjustments in respect of current tax of prior years	776	0.8	(1,630)	(0.6)	(731)	(0.7)	816	4.5	31	(0.1)	(738)	(0.2)
Expenses not deductible for tax	1,226	1.3	-	-	-	-	-	-	-	-	1,226	0.3
Income not subject to tax	-	-	(1,319)	(0.5)	(3,781)	(3.6)	-	-	-	-	(5,100)	(1.1)
Profits and losses attributable to associates	(1,263)	(1.3)	-	-	-	-	-	-	-	-	(1,263)	(0.3)
Super deduction on research and development costs	(8,745)	(9.1)	(6,436)	(2.4)	-	-	-	-	-	-	(15,181)	(3.3)
Temporary difference and tax losses not recognized	3,936	4.1	6,067	2.3	18	-	1,592	8.8	-	-	11,613	2.5
Tax charge/(credit) at the Group's effective tax rate	18,031	18.9	59,941	22.4	13,074	12.2	7,160	39.5	996	(3.1)	99,202	21.7
Tax charge from continuing operations at the effective rate	15,775	17.4	-	-	8,442	10.7	-	-	993	(3.0)	25,210	18.4
Tax charge from a discontinued operation at the effective rate	2,256	45.1	59,941	22.4	4,632	16.7	7,160	39.5	3	0.2	73,992	23.1

The share of tax credit attributable to associates amounting to US$624,000 (2022: US$1,263,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

Pillar Two income taxes

As stated in note 2.2(d), the Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the legislation will be effective for the Group's financial year beginning January 1, 2024.

The Group is in the process of assessing the potential exposure arising from Pillar Two legislation based on the information available for the financial year ended December 31, 2023. Based on the assessment carried out so far, the Group has identified certain jurisdictions where the Pillar Two effective tax rates are likely to be lower than 15%. Quantitative information to indicate potential exposure to Pillar Two income taxes is still under assessment.



12. Discontinued operation

Pursuant to the resolution of the extraordinary general meeting on June 26, 2023, the Company completed the distribution of SharkNinja Group on July 31, 2023, in which the Company distributed all of the shares of SharkNinja Group it holds to its shareholders. SharkNinja Group was engaged in the manufacture and sale of home appliances in North America, Europe and various other countries throughout the world. Upon the completion of distribution, SharkNinja Group ceased to be the subsidiaries of the Company. Details of the distribution have been disclosed in the announcements of the Company dated February 23, June 6, June 28, July 3, July 14 and July 31, 2023, and the circular of the Company dated June 5, 2023.

The results of SharkNinja Group for the period from January 1, 2023 to July 31, 2023 are presented below:

	January 1 to July 31, 2023 US$'000	2022 US$'000
Revenue	**2,010,449**	3,565,704
Cost of sales	**(1,111,957)**	(2,221,904)
Other income and gains	**3,529**	24,624
Selling and distribution expenses	**(363,731)**	(526,848)
Administrative expenses	**(361,052)**	(468,555)
Impairment losses on financial assets	**(1,354)**	(8,964)
Other expenses	**(28,425)**	(15,361)
Finance costs	**(21,490)**	(28,667)
Profit before tax from the discontinued operation	**125,969**	320,029
Income tax expense	**(46,266)**	(73,992)
Profit for the year from the discontinued operation	**79,703**	246,037

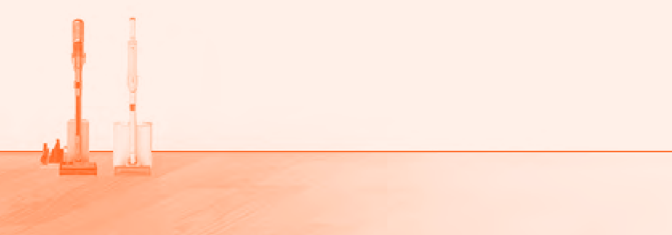
Notes to Financial Statements

December 31, 2023

12. Discontinued operation (continued)

The major classes of assets and liabilities of the discontinued operation as at July 31, 2023 are as follows:

	US$'000
Assets	
Cash and cash equivalents	244,619
Prepayments, deposits and other receivables	78,639
Trade receivables	882,252
Inventories	611,222
Deferred tax assets	107,699
Other intangible assets	609,473
Goodwill	842,606
Right-of-use assets	64,616
Property, plant and equipment	140,121
Other non-current assets	13,503
Total	3,594,750
Liabilities	
Trade and bills payables	456,232
Derivative financial Instruments	17,800
Other payables and accruals	569,018
Interest-bearing bank and other borrowings	804,383
Lease liabilities	75,864
Deferred tax liabilities	140,854
Other non-current liabilities	28,001
Total	2,092,152
Net assets directly associated with the discontinued operation	1,502,598



12. Discontinued operation (continued)

The net cash flows as a result of the distribution in specie are as follows:

	July 31, 2023 **US$'000**
Cash and bank balances distributed	(244,619)

The net cash flows attributable by SharkNinja Group are as follows:

	January 1, 2023 to July 31, 2023 **US$'000**	2022 US$'000
Operating activities	**209,942**	356,029
Investing activities	**(86,989)**	(136,824)
Financing activities	**(102,358)**	(224,145)
Net cash inflows/(outflows)	**20,595**	(4,940)
Earnings per share:		
Basic, from the discontinued operation	**US$2.3 cents**	US$7.2 cents
Diluted, from the discontinued operation	**US$2.3 cents**	US$7.1 cents

12. Discontinued operation (continued)

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

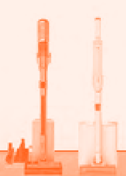
	2023	2022
Profit attributable to ordinary equity holders of the parent from the discontinued operation	**US$79,773,000**	US$246,413,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,423,845,000**	3,418,257,000
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**3,436,913,000**	3,447,463,000

13. Dividends

	2023 US$'000	2022 US$'000
Interim dividend-HK$0.0392 (equivalent to US$0.005) (2022: Nil) per ordinary share	**17,380**	–
Proposed final dividend – nil (2022: Nil) per ordinary share	**-**	–
Total	**17,380**	–

In addition to the interim dividend, the Company has also distributed its equity interests in SharkNinja Group in 2023 as mentioned in note 1 to the financial statements.

The board does not recommend the payment of any final dividend for the year.



14. Earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,423,845,000 (2022: 3,418,257,000) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the dilutive effect arising from the share award scheme of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2023 **US$'000**	2022 US$'000
Earnings		
Profit attributable to ordinary equity holders of the parent,		
used in the basic and diluted earnings per share calculations	**131,707**	332,274
From continuing operations	**51,934**	85,861
From the discontinued operation	**79,773**	246,413

	Number of shares 2023 '000	Number of shares 2022 '000
Shares		
Weighted average number of ordinary shares in issue during the year		
used in the basic earnings per share calculation	**3,423,845**	3,418,257
Effect of dilution – weighted average number of ordinary shares:		
Share award scheme	**13,068**	29,206
Total	**3,436,913**	3,447,463

Notes to Financial Statements

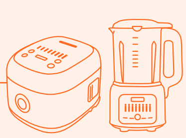
December 31, 2023

15. Property, plant and equipment

	Buildings US$'000	Leasehold improvements US$'000	Furniture and fixtures US$'000	Machinery US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
December 31, 2023							
At January 1, 2023:							
Cost	128,110	33,818	187,526	239,271	4,037	14,830	607,592
Accumulated depreciation	(45,237)	(19,534)	(138,473)	(181,687)	(3,689)	-	(388,620)
Net carrying amount	82,873	14,284	49,053	57,584	348	14,830	218,972
At January 1, 2023, net of accumulated depreciation	82,873	14,284	49,053	57,584	348	14,830	218,972
Additions	-	2,132	23,565	38,716	230	4,975	69,618
Assets included in the discontinued operation (note 12)	-	(12,422)	(44,530)	(68,633)	-	(14,536)	(140,121)
Transfer from construction in progress	2,699	-	29	22	-	(2,750)	-
Disposals	(96)	-	(63)	(1,695)	(9)	(8)	(1,871)
Depreciation provided during the year	(5,756)	(3,966)	(20,433)	(20,333)	(236)	-	(50,724)
Exchange realignment	(2,903)	(28)	(606)	22	(20)	(1,331)	(4,866)
At December 31, 2023, net of accumulated depreciation	76,817	-	7,015	5,683	313	1,180	91,008
At December 31, 2023:							
Cost	126,847	2,432	23,425	14,629	3,972	1,180	172,485
Accumulated depreciation	(50,030)	(2,432)	(16,410)	(8,946)	(3,659)	-	(81,477)
Net carrying amount	76,817	-	7,015	5,683	313	1,180	91,008

15. Property, plant and equipment (continued)

	Buildings US$'000	Leasehold improvements US$'000	Furniture and fixtures US$'000	Machinery US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
December 31, 2022							
At January 1, 2022:							
Cost	122,683	26,293	157,264	202,584	4,585	21,761	535,170
Accumulated depreciation	(43,622)	(16,265)	(110,584)	(154,993)	(3,866)	–	(329,330)
Net carrying amount	79,061	10,028	46,680	47,591	719	21,761	205,840
At January 1, 2022, net of accumulated depreciation	79,061	10,028	46,680	47,591	719	21,761	205,840
Additions	–	2,934	32,149	4,859	–	54,183	94,125
Transfer from construction in progress	14,758	5,562	3,898	35,350	–	(59,568)	–
Disposals	–	(412)	(869)	(1,063)	(10)	–	(2,354)
Depreciation provided during the year	(5,066)	(4,114)	(33,713)	(28,550)	(315)	–	(71,758)
Exchange realignment	(5,880)	286	908	(603)	(46)	(1,546)	(6,881)
At December 31, 2022, net of accumulated depreciation	82,873	14,284	49,053	57,584	348	14,830	218,972
At December 31, 2022:							
Cost	128,110	33,818	187,526	239,271	4,037	14,830	607,592
Accumulated depreciation	(45,237)	(19,534)	(138,473)	(181,687)	(3,689)	–	(388,620)
Net carrying amount	82,873	14,284	49,053	57,584	348	14,830	218,972



Notes to Financial Statements

December 31, 2023

16. Investment properties

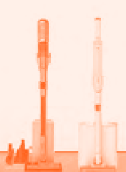
	2023 **US$'000**	2022 US$'000
At the beginning of the year		
Cost	**40,810**	40,810
Accumulated depreciation	**(24,054)**	(20,813)
Net carrying amount	**16,756**	19,997
Net carrying amount at the beginning of the year	**16,756**	19,997
Depreciation provided during the year	**(1,676)**	(1,765)
Exchange realignment	**(473)**	(1,476)
Net carrying amount at the end of the year	**14,607**	16,756

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 18 to the financial statements.

The fair value of investment properties as at December 31, 2023 was approximately US$55 million (2022: US$60 million).

17. Prepaid land lease payments

	2023 **US$'000**	2022 US$'000
Carrying amount at the beginning of the year	**14,930**	16,600
Recognized in profit or loss during the year	**(387)**	(418)
Exchange realignment	**(426)**	(1,252)
Carrying amount at the end of the year	**14,117**	14,930
Current portion included in prepayments, other receivables and other assets	**(385)**	(397)
Non-current portion of carrying amount at the end of the year	**13,732**	14,533



18. Leases

The Group as a lessee

The Group has lease contracts for various items of buildings and motor vehicles used in its operations. Leases of buildings generally have lease terms between 2 and 12 years. Motor vehicles generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

For prepaid land lease payments, please refer to note 17 to the financial statements.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings US$'000	Motor vehicles US$'000	Total US$'000
As at January 1, 2022	78,608	33	78,641
Additions	16,668	–	16,668
Depreciation provided during the year	(22,160)	(33)	(22,193)
Disposal	(139)	–	(139)
Exchange realignment	(225)	–	(225)
As at December 31, 2022 and January 1, 2023	**72,752**	**–**	**72,752**
Additions	**14,814**	**–**	**14,814**
Assets included in the discontinued operation (note 12)	**(64,616)**	**–**	**(64,616)**
Depreciation provided during the year	**(13,287)**	**–**	**(13,287)**
Disposal	**(4,580)**	**–**	**(4,580)**
Exchange realignment	**433**	**–**	**433**
As at December 31, 2023	**5,516**	**–**	**5,516**

Notes to Financial Statements

December 31, 2023

18. Leases (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of the Group's lease liabilities and the movements during the year are as follows:

	2023 US$'000	2022 US$'000
Carrying amount at January 1	**84,452**	87,341
New leases	**14,814**	16,668
Interest expense during the year	**2,249**	3,850
Payment during the year	**(18,819)**	(22,168)
Included in the discontinued operation (note 12)	**(75,864)**	–
Disposal	**(30)**	(109)
Exchange realignment	**(1,093)**	(1,130)
Carrying amount at December 31	**5,709**	84,452
Analyzed into:		
Within one year	**2,532**	16,986
In the second year	**3,130**	15,377
In the third to fifth years, inclusive	**47**	27,163
Beyond five years	**–**	24,926
At the end of the year	**5,709**	84,452

The maturity analysis of lease liabilities is disclosed in note 46 to the financial statements.

18. Leases (continued)

The Group as a lessee (continued)

(b) Lease liabilities (continued)

The amounts recognized in profit or loss from continuing operations related to leases are as follows:

	2023 US$'000	2022 US$'000
Interest on lease liabilities	**2,249**	3,850
Depreciation charge of right-of-use assets	**5,274**	6,660
Expense relating to short-term leases (included in selling and distribution expenses and administrative expenses)	**3,888**	4,550
Total amount recognized in profit or loss from continuing operations	**11,411**	15,060

The Group as a lessor

The Group leases its investment properties (note 16) consisting of four commercial properties and three industrial properties in Chinese Mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Gross rental income recognized by the Group during the year was US$ 3,549,000 (2022: US$3,169,000).

At December 31, 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 US$'000	2022 US$'000
Within one year	**2,532**	2,105
After one year but within two years	**3,130**	1,576
After two years but within three years	**47**	135
After three years but within four years	**–**	38
Total	**5,709**	3,854

19. Goodwill

	2023 **US$'000**	2022 US$'000
Goodwill at January 1	**848,619**	849,296
Acquisition of the subsidiary	**109**	–
Included in the discontinued operation (note 12)	**(842,606)**	–
Exchange realignment	**(274)**	(677)
Less: Provision for impairment	**–**	–
Goodwill at December 31	**5,848**	848,619

The goodwill as at December 31, 2023 was allocated to the subsidiaries of the Company located in Asia Pacific Region.

Impairment testing of goodwill – 2023

Regarding to the annual impairment test as at December 31, 2023, the recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management at December 31, 2023. The discount rate applied to the cash flow projections is 11.1%. The growth rate used to extrapolate the cash flows beyond the five-year period is 1.8%.

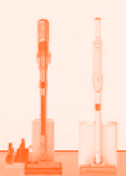
Assumptions were used in the value in use calculation as at December 31, 2023. The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth – The bases used to determine the future earnings potential are historical sales and average expected growth rates of the market in Japan.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, adjusted for expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Expenses – The value assigned to the key assumptions reflects past experience and management's commitment to maintain the operating expenses to an acceptable level.



19. Goodwill (continued)

Impairment testing of goodwill – 2023 (continued)

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Based on the result of the impairment testing, the estimated recoverable amount has exceeded its carrying amount by US$121 million as at December 31, 2023.

Sensitivity to changes in assumptions

The Company has performed the sensitivity analysis on key assumptions used in the impairment testing. Had the estimated key assumptions been changed as below, the headroom would have increased/(decreased) by:

	2023 US$'000
Five-year period growth rate increased by 5%	**5,679**
Five-year period growth rate decreased by 5%	**(5,571)**
Discount rate decreased by 5%	**9,761**
Discount rate increased by 5%	**(8,641)**

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the CGU to exceed its recoverable amount.

Impairment testing of goodwill and intangible assets with indefinite lives – 2022

Goodwill and trademarks recorded in other intangible assets with indefinite lives acquired through business combinations are allocated to the cash-generating unit ("**CGU**") of SharkNinja Global and its subsidiaries (collectively referred to as the "**SharkNinja Global**") for impairment testing.

The Group performed its annual impairment test as at December 31, 2022. The recoverable amount of the SharkNinja Global CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management at December 31, 2022, corroborated by the market approach. The discount rate applied to the cash flow projections is 12%. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2.5%.

19. Goodwill (continued)

Impairment testing of goodwill and intangible assets with indefinite lives – 2022 (continued)

Assumptions were used in the value in use calculation of the SharkNinja Global CGU at December 31, 2022. The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth – The bases used to determine the future earnings potential are historical sales and average expected growth rates of the market in North America, Europe, Asia and other region.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, adjusted for expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Expenses – The value assigned to the key assumptions reflects past experience and management's commitment to maintain the SharkNinja Global CGU's operating expenses to an acceptable level.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Based on the result of the impairment test on the SharkNinja Global CGU, the estimated recoverable amount of the SharkNinja Global CGU exceeded its carrying amount by US$1,772 million as at December 31, 2022.

Sensitivity to changes in assumptions

The Company has performed the sensitivity analysis on key assumptions used in the impairment testing. Had the estimated key assumptions been changed as below, the headroom would have increased/(decreased) by:

	2022 US$'000
Five-year period growth rate increased by 5%	174,652
Five-year period growth rate decreased by 5%	(170,817)
Discount rate decreased by 5%	312,866
Discount rate increased by 5%	(274,595)

With regard to the assessment of the value in use of the SharkNinja Global CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the CGU to exceed its recoverable amount.

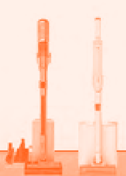
20. Other intangible assets

	Trademarks* US$'000	Patents US$'000	Retailer relationship US$'000	Development costs – available for use US$'000	Development costs – not available for use US$'000	Technology US$'000	Software US$'000	Others US$'000	Total US$'000
December 31, 2023									
At January 1, 2023:									
Cost	384,044	56,491	143,083	74,829	19,784	20,284	47,555	1,924	747,994
Accumulated amortization	-	(28,057)	(82,865)	(17,288)	-	(4,571)	(5,974)	-	(138,755)
Net carrying amount	384,044	28,434	60,218	57,541	19,784	15,713	41,581	1,924	609,239
Cost at January 1, 2023, net of accumulated amortization	384,044	28,434	60,218	57,541	19,784	15,713	41,581	1,924	609,239
Additions	348	5,137	-	-	9,562	-	10,354	-	25,401
Transfers	-	-	-	8,825	(8,825)	-	-		-
Assets included in the discontinued operation (note 12)	(384,392)	(31,050)	(52,269)	(61,451)	(20,521)	(14,319)	(45,471)	-	(609,473)
Amortization provided during the year	-	(2,453)	(7,949)	(4,915)	-	(977)	(3,763)	-	(20,057)
Exchange realignment	-	-	-	-	-	(417)	(293)	-	(710)
At December 31, 2023	-	68	-	-	-	-	2,408	1,924	4,400
At December 31, 2023									
Cost	-	13,987	-	-	-	-	5,509	1,924	21,420
Accumulated amortization	-	(13,919)	-	-	-	-	(3,101)	-	(17,020)
Net carrying amount	-	68	-	-	-	-	2,408	1,924	4,400

20. Other intangible assets (continued)

	Trademarks* US$'000	Patents US$'000	Retailer relationship US$'000	Development costs – available for use US$'000	Development costs – not available for use US$'000	Technology US$'000	Software US$'000	Others US$'000	Total US$'000
December 31, 2022									
At January 1, 2022:									
Cost	384,044	49,068	143,083	59,661	8,671	21,997	27,092	1,924	695,540
Accumulated amortization	–	(23,859)	(66,967)	(10,308)	–	(3,124)	(2,913)	–	(107,171)
Net carrying amount	384,044	25,209	76,116	49,353	8,671	18,873	24,179	1,924	588,369
Cost at January 1, 2022, net of accumulated amortization	384,044	25,209	76,116	49,353	8,671	18,873	24,179	1,924	588,369
Additions	–	7,425	–	–	26,281	–	20,764	–	54,470
Transfers	–	–	–	15,168	(15,168)	–	–	–	–
Amortization provided during the year	–	(4,198)	(15,898)	(6,980)	–	(1,740)	(3,098)	–	(31,914)
Exchange realignment	–	(2)	–	–	–	(1,420)	(264)	–	(1,686)
At December 31, 2022	384,044	28,434	60,218	57,541	19,784	15,713	41,581	1,924	609,239
At December 31, 2022:									
Cost	384,044	56,491	143,083	74,829	19,784	20,284	47,555	1,924	747,994
Accumulated amortization	–	(28,057)	(82,865)	(17,288)	–	(4,571)	(5,974)	–	(138,755)
Net carrying amount	384,044	28,434	60,218	57,541	19,784	15,713	41,581	1,924	609,239

* Trademarks are not amortized due to indefinite useful lives and are allocated to the Group's SharkNinja Global CGU. Refer to note 19 for the impairment testing and sensitivity analysis of the trademarks with indefinite useful lives. No provision is made for the impairment of trademarks after being tested for impairment of the SharkNinja Global CGU as at the end of 2022.



21. Investments in associates

	2023 **US$'000**	2022 US$'000
Share of net assets	**16,918**	25,714
Goodwill on acquisition	**3,164**	4,366
Total	**20,082**	30,080

The Group's trade receivable and payable balances with the associates are disclosed in notes 25 and 29, respectively.

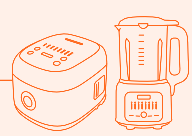
The Group's shareholdings in the associates comprise equity shares held by subsidiaries of the Company.

The Group has discontinued the recognition of its share of losses of two associates because the share of losses of the associates exceeded the Group's interest in the associates and the Group has no obligation to take up further losses. The unrecognized share of losses of the associates was US$75,000 for the year ended December 31, 2023 (2022: US$73,000) and the cumulative unrecognized share of losses was US$191,000 as at December 31, 2023 (2022: US$116,000).

The following table illustrates the aggregate financial information of the Group's associates:

During this year, the Group has disposed of two associates, Hangzhou Joyoung Bean Industry Limited (「杭州九陽豆業有限公司」) and Shandong Yiteng Small Appliance Co., Limited (山東一騰小家電有限公司) at a total consideration of US$27,504,000, which resulted in a gain on disposal of associates amounting to US$15,294,000 as disclosed in note 6. As at December 31, 2023, the Group has received US$17,519,000, with an outstanding amount of US$9,985,000, which is expected to be received within 1 year.

	2023 **US$'000**	2022 US$'000
Share of the associates' profits and losses for the year	**3,229**	5,167
Share of the associates' total comprehensive income	**3,229**	5,167
Aggregate carrying amount of the Group's investments in associates	**20,082**	30,080



22. Financial assets at fair value through profit or loss/financial assets designated at fair value through other comprehensive income

The investments below were classified as financial assets at fair value:

	2023 US$'000	2022 US$'000
Financial assets, at fair value through profit or loss:		
Current – stock (a)	**36,228**	5
Current – financial products (a)	**14,311**	17,281
Non-current – stock (a)	**77,164**	–
Non-current – unlisted equity investments (a)	**74,976**	76,158
Subtotal	**202,679**	93,444
Unlisted financial assets, at fair value through other comprehensive income:		
Non-current – unlisted equity investments (b)	**40,927**	42,495
Total	**243,606**	135,939

Notes:

(a) The current investments in stocks as at December 31, 2023 were stocks listed on the stock exchanges. The current investments in financial products were products issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The equity investments were classified as financial assets at fair value through profit or loss as they were held for trading and invested principally in investment funds in accordance with the entrusted agreements entered into between the parties involved.

The above mentioned investments were measured at fair value through profit or loss, with a corresponding gain on changes in fair value of US$46,271,000 in total, and was recognized as other income and gains in the consolidated statement of profit or loss (2022: loss of US$17,448,000).

(b) The equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. During the year, the fair value changes in these investments resulted in a loss, net of tax, amounting to US$971,000 (2022: gain of US$1,441,000), recorded in other comprehensive income.

23. Other non-current assets

	2023 US$'000	2022 US$'000
Long-term portion of insurance receivable	–	7,590
Rental deposits	**1,423**	2,357
Long-term prepayments for purchase of properties	**9,155**	9,424
Others	**3,744**	1,278
Total	**14,322**	20,649

24. Inventories

	2023 US$'000	2022 US$'000
Raw materials	**24,727**	23,347
Finished goods	**99,480**	639,305
Less: Impairment	**(4,115)**	(16,382)
Total	**120,092**	646,270

The movements in provision for impairment of inventories are as follows:

	2023 US$'000	2022 US$'000
At the beginning of the year	**16,382**	7,356
Impairment losses	**20,236**	12,381
Less: Amounts written off	**(12,019)**	(3,233)
Discontinued operation	**(20,375)**	–
Exchange realignment	**(109)**	(122)
At the end of the year	**4,115**	16,382

25. Trade and bills receivables

	2023 US$'000	2022 US$'000
Bills receivable	**177,191**	264,515
Trade receivables	**225,612**	945,339
Less: Impairment	**(6,999)**	(11,829)
Net carrying amount	**395,804**	1,198,025

The credit period is generally six months and extend appropriately for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management.

Included in the Group's trade and bills receivables were amounts due from the Group's associates of US$21,600 ,000 (2022: US$7,013,000) as at December 31, 2023, which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the year end, based on the invoice date and net of impairment, is as follows:

	2023 US$'000	2022 US$'000
Within 6 months	**389,911**	1,189,551
6 months to 1 year	**4,748**	7,072
1 to 2 years	**923**	1,402
Over 2 years	**222**	–
Total	**395,804**	1,198,025

25. Trade and bills receivables (continued)

The movements in provision for impairment of trade receivables are as follows:

	2023 US$'000	2022 US$'000
As at the beginning of the year	**11,829**	6,818
Impairment losses, net	**4,335**	8,761
Discontinued operation	**(6,060)**	–
Amount written off as uncollectible	**(3,105)**	(3,750)
As at the end of the year	**6,999**	11,829

As at December 31, 2023 and 2022, the trade receivables were denominated in US$ and RMB, and the fair values of trade receivables approximated to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix or assessed individually to measure expected credit losses. As at December 31, 2023, the SharkNinja Group was disposed of by the Group, and there was no individually assessed provision at December 31, 2023 (2022: US$6,998,000). The provision rates used in the provision matrix are based on the days from the billing date for customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

25. Trade and bills receivables (continued)

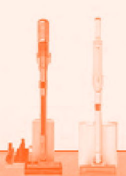
Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At December 31, 2023

		Past due			
	Not overdue to 6 months	**7 to 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**0.70%**	**30.40%**	**49.48%**	**100.00%**	
Gross carrying amount (US$'000)	**213,828**	**6,598**	**3,343**	**1,843**	**225,612**
Expected credit losses (US$'000)	**1,496**	**2,006**	**1,654**	**1,843**	**6,999**

At December 31, 2022

		Past due			
	Not overdue to 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.14%	30.12%	53.30%	100%	
Gross carrying amount (US$'000)	925,370	2,261	3,002	1,217	931,850
Expected credit losses (US$'000)	1,333	681	1,600	1,217	4,831



26. Prepayments, other receivables and other assets

	2023 US$'000	2022 US$'000
Prepayments	**4,830**	19,985
Deposits and other receivables (note (a))	**6,270**	83,275
Due from related parties (note (b))	**33,630**	3,925
Right-of-return assets	**–**	1,176
Indemnification assets	**–**	2,463
Tax recoverable	**35,867**	32,038
Receivable from employees (note (c))	**–**	16,759
	80,597	159,621
Less: Impairment	**(1,216)**	(768)
Total	**79,381**	158,853

Notes:

(a) Included in the balance as at December 31, 2022 were tariff refunds from the temporary exemption of US$45,354,000 on the Group's certain products. There was no such balance as at December 31, 2023. Included in the balance as at December 31, 2023 were deposits arising from ordinary activities.

(b) Included an amount of US$9,985,000 outstanding amount which was related to the proceeds from disposal of associates. The amounts due from related parties were non-trade related, which is expected to be settled within one year.

(c) Included in the balance were advanced individual income tax for Restricted Stock Units Plan of the Group ("JS RSU Scheme") paid on behalf of certain employees.

27. Derivative financial instruments

	2023 US$'000	2022 US$'000
Forward currency contracts	–	22,657

Note:

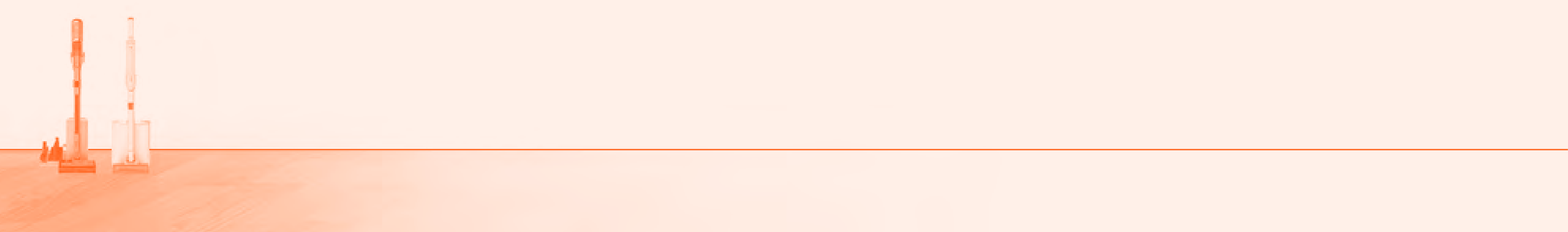
The forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value amounting to a loss of US$23,245,000 (2022: a gain of US$22,657,000) were charged to the profit from the discontinued operation in the statement of profit or loss during the year.

28. Cash and cash equivalents/pledged deposits

	2023 US$'000	2022 US$'000
Cash and bank balances	**109,018**	464,991
Time deposits – current	**267,075**	74,047
Less: Pledged deposits for bills payable (note 29)	**(56,292)**	(34,901)
Cash and cash equivalents	**319,801**	504,137

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB429,560,000 (2022: RMB928,796,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.



29. Trade and bills payables

The ageing analysis of trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 **US$'000**	2022 US$'000
Within 1 year	**471,423**	686,698
1 to 2 years	**987**	808
Total	**472,410**	687,506

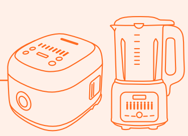
Included in the trade and bills payables are trade payables of US$12,471,000 (2022: US$13,070,000) due to associates which are repayable within 90 days, which represents credit terms similar to those offered by the associates to their major customers.

The Group's bills payable were secured by pledged deposits of the Group of US$56,292,000 (2022: US$34,901,000) and bills receivable of the Group of US$127,620,000 (2022: US$124,815,000) as at December 31, 2023.

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

30. Other payables and accruals

	2023 **US$'000**	2022 US$'000
Accruals	**76,990**	223,436
Contract liabilities (note (a))	**17,418**	24,331
Refund liabilities	**6,911**	285,882
Other payables (note (b))	**88,004**	100,404
Provisions	**16,835**	20,958
Due to related parties (note (c))	**8,028**	8,264
Total	**214,186**	663,275



30. Other payables and accruals (continued)

Notes:

(a) Contract liabilities include short-term advances received from delivering home appliances and rendering extended warranty services. Included in the contract liabilities were short-term advances of US$510,000 (2022: US$593,000) received from related parties as at December 31, 2023.

(b) Joyoung Co., Ltd ("**Joyoung**") entered into tri-party customer finance arrangements ("**保兌倉**") with distributors and endorsing banks. Distributors deposit money of no less than a certain proportion of the par value of bank acceptance bill with the bank on a guarantee and apply for issuance of bank acceptance bills for the purchase of products from Joyoung according to the amount of credit facility provided by the bank. Joyoung undertakes the security obligation in favour of the distributors for the difference between the amount of bills and the amount of money on guarantee. Joyoung considers the security obligation as a financial guarantee. The financial guarantee is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the financial guarantee contract was measured at the higher of the expected credit loss ("**ECL**") allowance and the amount initially recognized less, when appropriate, the cumulative amount of income recognized which was amounting to US$565,000 and recorded in other payables. As at December 31, 2023, the Group's maximum exposure to such guarantee was US$16,133,000.

(c) Included in the amounts due to related parties were trade-related due to associates amounted to US$8,028,000 (2022: US$8,264,000).

31. Other financial liabilities

In August 2022, the Group reached a receivable purchase agreement ("**RPA**") with a financial institution in order to early receive a portion of the proceeds of certain receivables from customers before the due date. The trade receivables under the RPA were made without recourse to the Group, and the Group shall have no liability to the financial institution for customers' failure to pay any receivables when they are due and payable under the terms in the RPA.

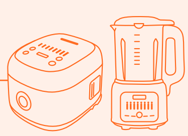
In the opinion of the directors, the Group has retained the substantial risks and rewards, as the entitlement of the remaining portion of the proceeds is subject to the repayment from these customers, and accordingly, the Group continued to recognize the full carrying amount of the outstanding receivables at the year end date, which was US$87,148,000.

As at December 31, 2023, there was no such balance under the RPA.

32. Interest-bearing bank borrowings

	Interest rate (%)	Maturity	December 31, 2022 US$'000
Current			
Bank loans – secured (a)	1.56+LIBOR	2023	48,303
Bank loans – secured (a)	1.80+LIBOR	2023	86,972
Total – current			135,275
Non-current			
Bank loans – secured (a)	1.80+LIBOR	2024 to 2025	349,169
Bank loans – secured (a)	1.56+LIBOR	2024 to 2025	372,612
Total – non-current			721,781
Total			857,056

	December 31, 2022 US$'000
Analyzed into:	
Bank loans repayable:	
Within one year or on demand	135,275
In the second year	222,797
In the third to fifth years, inclusive	498,984
Total	857,056



32. Interest-bearing bank borrowings (continued)

All interest-bearing bank borrowings as at 31 December 2022 has been repaid in 2023.

Notes:

(a) The bank loans are secured by:

(i) The pledge of 411,558,069 shares of Joyoung Co., Ltd. as at December 31, 2022, and the pledge of 103,939,172 shares of Joyoung Co., Ltd., which was effective starting from January 24, 2022;

(ii) 82.90% of the shares in Shanghai Lihong held by JS Global Trading HK Limited;

(iii) 0.86% of the shares in Shanghai Lihong held by Easy Appliance Limited;

(iv) Certain of the Group's assets amounting to US$2,554,454,000 as at December 31, 2022; and

(v) The pledge of equity interests of the following companies:

	Percentage of equity interests at December 31, 2022
Global Appliance LLC	100%
EP Midco LLC	100%
SharkNinja Operating LLC	100%
Euro-Pro International Holding Company	100%
SharkNinja Sales Company	100%
SharkNinja Management LLC	100%
Global Appliance UK Holdco Limited	100%
SharkNinja Global SPV, Ltd.	100%
SharkNinja Global SPV 2 Limited	100%
Bilting Developments Limited	100%
JS (BVI) Holding Limited	100%
JS Global Trading HK Limited	100%
Euro-Pro Hong Kong Limited	100%
SharkNinja (Hong Kong) Company Limited	100%
Shenzhen SharkNinja Technology Co., Ltd.	100%
Suzhou SharkNinja Technology Co., Ltd.	100%

As at December 31, 2023, the Group had no interest-bearing bank borrowings.

33. Business combinations

Acquisition of four companies

In 2023, the Group acquired 100% of the equity interest of SharkNinja Pty. Ltd (formerly known as Mann & Noble Pty. Ltd.), SharkNinja New Zealand Ltd. (formerly known as Mann & Noble New Zealand Ltd.), SharkNinja Singapore Pte. Ltd (formerly known as Mann & Noble Retail Brands Singapore Pte. Ltd.) and Mann & Noble Retail Malaysia to deliver the most suitable products that align with the unique consumer needs in the countries located in the Asia Pacific Region. The acquisition is accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of the four companies as at the date of acquisition were:

	Fair value recognized on acquisition US$'000
Assets	
Inventories	9,069
Trade receivables	6,066
Prepayments, deposits and other receivables	5,629
Cash and cash equivalents	2,449
	23,213
Liabilities	
Trade and bills payables	11,751
Other payables and accruals	9,256
Deferred tax liabilities	270
Other current liabilities	867
Other non-current liabilities	660
	22,804
Total identifiable net assets at fair value	409
Goodwill arising on acquisition	109
Purchase consideration	518

33. Business combinations (continued)

An analysis of the cash flows in respect of the acquisition of the four companies is as follows:

	US$'000
Cash consideration	(518)
Cash and bank balances acquired	2,449
Net inflow of cash and cash equivalents	1,931

The reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented in note 19.

From the date of acquisition, the four companies have contributed approximately US$50,325,000 of revenue and caused a net loss of US$4,364,000 to the continuing operations of the Group.

Had the combination taken place at the beginning of the year, the revenue and the profit for the year from continuing operations of the Group would have been US$1,439,645,000 and US$71,051,000 respectively.

34. Commitments

The Group had the following capital commitments at the end of the reporting period:

	2023 **US$'000**	2022 US$'000
Contracted, but not provided for:		
Property, plant and equipment	**–**	27,396
Business combination	**17,783**	–
Intangible assets	**–**	2,888
Total	**17,783**	30,284

35. Deferred tax assets/liabilities

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets:

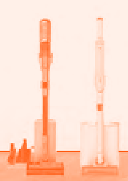
	Tax losses US$'000	Impairment allowance US$'000	Accrued expenses and reserves US$'000	Depreciation allowance in excess of related depreciation US$'000	Unrealized profit arising in intra-group transactions US$'000	Lease liabilities US$'000	Fair value adjustments arising from financial assets US$'000	Research and development cost* US$'000	Others US$'000	Total US$'000
At January 1, 2022	2,048	5,584	46,302	17	15,632	19,694	1,466	-	3,982	94,725
Exchange realignment	(59)	(135)	(180)	(1)	(435)	(11)	(148)	-	-	(969)
Deferred tax (charged)/credited to share award reserve/other comprehensive income	-	-	(3,055)	-	-	-	540	-	-	(2,515)
Deferred tax (charged)/credited to profit or loss	4,926	(311)	(8,010)	(16)	(1,662)	(2,032)	1,420	37,180	(3,982)	27,513
At December 31, 2022	6,915	5,138	35,057	-	13,535	17,651	3,278	37,180	-	118,754
At January 1, 2023	**6,915**	**5,138**	**35,057**	**-**	**13,535**	**17,651**	**3,278**	**37,180**	**-**	**118,754**
Exchange realignment	**(237)**	**(55)**	**(61)**	**-**	**(113)**	**-**	**(408)**	**-**	**-**	**(874)**
Deferred tax (charged)/credited to share award reserve/other comprehensive income	**-**	**-**	**(239)**	**-**	**-**	**-**	**91**	**-**	**1,181**	**1033**
Deferred tax (charged)/credited to profit or loss	**(387)**	**1,859**	**363**	**-**	**(559)**	**(1,457)**	**783**	**15,933**	**4,573**	**21,108**
Discontinued operation	**(346)**	**(4,624)**	**(31,388)**	**-**	**(9,802)**	**(14,873)**	**-**	**(53,113)**	**(5,754)**	**(119,900)**
At December 31, 2023	**5,945**	**2,318**	**3,732**	**-**	**3,061**	**1,321**	**3,744**	**-**	**-**	**20,121**

* Pursuant to Internal Revenue Code Section 174, the new tax policy requires taxpayers to capitalize and amortize US-based research and experimentation ("R&E") expenses over a period of five years and non-US-based R&E expenses over 15 years effective for tax year beginning from January 1, 2023.

35. Deferred tax assets/liabilities (continued)

Deferred tax liabilities:

	Interest receivable	Fair value adjustments arising from financial assets	Amortization allowance of intangible assets	Right-of-use assets	Withholding taxes	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At January 1, 2022	457	5,543	137,609	17,652	3,625	4,427	169,313
Exchange realignment	(29)	(371)	–	(10)	–	(2,961)	(3,371)
Transfer to tax payable	–	–	–	–	(5,915)	–	(5,915)
Recognized in other comprehensive income	–	(73)	–	–	–	–	(73)
Deferred tax charged to profit or loss	(218)	3,279	7,982	(2,320)	4,685	2,615	16,023
At December 31, 2022	210	8,378	145,591	15,322	2,395	4,081	175,977
At January 1, 2023	**210**	**8,378**	**145,591**	**15,322**	**2,395**	**4,081**	**175,977**
Exchange realignment	**(8)**	**94**	**-**	**-**	**-**	**-**	**86**
Recognized in other comprehensive income	**-**	**(39)**	**-**	**-**	**-**	**-**	**(39)**
Deferred tax charged to profit or loss	**(15)**	**(4,344)**	**(9,022)**	**(1,286)**	**(1,034)**	**(310)**	**(16,011)**
Discontinued operation	**-**	**-**	**(136,569)**	**(12,715)**	**-**	**(3,771)**	**(153,055)**
At December 31, 2023	**187**	**4,089**	**-**	**1,321**	**1,361**	**-**	**6,958**



35. Deferred tax assets/liabilities (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023 **US$'000**	2022 US$'000
Net deferred tax assets recognized in the consolidated statement of financial position	**13,163**	–
Net deferred tax liabilities recognized in the consolidated statement of financial position	**-**	57,223
Net deferred tax liabilities in respect of continuing operations	**13,163**	57,223

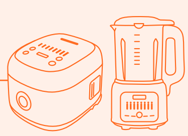
At the end of the reporting period, the Group had no tax losses that are available indefinitely for offsetting against future taxable profits.

At the end of the reporting period, the Group had tax losses arising in Chinese Mainland of US$29,942,000 (2022: US$6,346,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets in respect of tax losses of US$17,144,000 (2022: US$19,098,000) have not been recognized in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement was effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from January 1, 2008.

As of December 31, 2023, there was no significant unrecognized deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries or associates (2022: nil).



Notes to Financial Statements

December 31, 2023

36. Other non-current liabilities

	2023 US$'000	2022 US$'000
Contract liabilities	**–**	2,651
Incurred but not reported general product liability	**–**	17,865
Uncertain tax positions	**-**	4,150
Deferred revenue	**1,000**	1,200
Others	**554**	369
Total	**1,554**	26,235

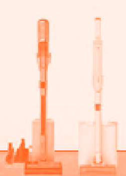
37. Issued capital

	2023 US$'000	2022 US$'000
Authorized:		
5,000,000,000 (2022: 5,000,000,000) ordinary shares of US$0.00001 each	**50**	50
Issued and fully paid:		
3,474,571,777 (2022: 3,494,612,277) ordinary shares of US$0.00001 each	**34**	34

	Number of ordinary shares	**Nominal value US$'000**
At January 1, 2022 and January 1, 2023	3,494,612,277	34
Cancellation of shares (note (a))	(20,040,500)	–
At December 31, 2023	3,474,571,777	34

Note:

(a) In July 2023, the Company canceled 20,040,500 ordinary shares with a nominal value of US$0.00001 each.



38. Share-based payments

Restricted Stock Units Plan of the Group ("JS RSU Scheme")

JS RSU Scheme - 2019 tranche

On October 9, 2019, the Company approved JS RSU Scheme. The purpose of JS RSU Scheme is to recognize and reward participants for their contribution to the Group, to attract the best available personnel to provide service to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group's business. Subject to any early termination as may be determined by the board pursuant to the terms of the RSU Scheme, the RSU Scheme shall be valid and effective for a period of 10 years commencing on the adoption date of October 9, 2019, after which no further awards will be granted, but the provisions of this RSU Scheme shall in all other respects remain in full force and effect and the awards granted during the term of the RSU Plan may continue to be valid and exercisable in accordance with their respective terms of grant.

The Company has set up two structured entities ("**RSU Holding Entities**"), namely Golden Tide International Limited and Grand Riches Ventures Limited, which are solely for the purpose of administering and holding the Company's shares for JS RSU Scheme. Pursuant to a resolution passed by the board of directors of the Company on October 9, 2019, the Company issued 141,618,409 ordinary shares to the RSU Holding Entities at a par value of US$0.00001 each, being the ordinary shares underlying the JS RSU Scheme. In addition, the Company has entered into a trust deed with an independent trustee (the "**RSU Trustee**") on October 14, 2019, pursuant to which the RSU Trustee shall act as the administrator of the Company's RSU Plan. The Company has the power to direct the relevant activities of the RSU Holding Entities and it has the ability to use its power over the RSU Holding Entities to affect its exposure to returns. Therefore, the assets and liabilities of the RSU Holding Entities are included in the Group's consolidated statement of financial position and the ordinary shares held for the JS RSU Scheme were regarded as treasury shares with nil consideration.

The initial number of shares underlying JS RSU Scheme shall not exceed the aggregate of 141,618,409 shares as of the date of adoption of JS RSU Scheme, representing 4.05% of the issued shares of the Company. A total of 129,265,801 RSUs were granted to directors and employees with nil consideration with the vesting schedule as below:

- 30% of the RSUs, namely 38,779,740 RSUs, are not subject to any performance-based conditions and vest in four annual installments equally on May 31 of 2020 to 2023 (the "**Time RSUs**"). If the grantees are employed or in service with the Group as of January 31 of any year, they will be entitled to the Time RSUs to be vested on May 31 of the same year.

- 70% of the RSUs, namely 90,486,061 RSUs, are subject to performance-based conditions and vest (if any, fully or partially) over four years on May 31 of 2020 to 2023 (the "**Performance RSUs**"). The performance target is measured by reference to the financial performance of the Group, Joyoung and SharkNinja for each of the four financial years ending December 31 of 2019, 2020, 2021 and 2022 (the "**Plan Year**"). If the grantees are employed or in service with the Group as of January 31 of any year, they will be entitled to the Performance RSUs to be vested on May 31 of the same year.

38. Share-based payments (continued)

Restricted Stock Units Plan of the Group ("JS RSU Scheme") (continued)

JS RSU Scheme - 2019 tranche (continued)

Grantees are not entitled to any rights of a shareholder (including voting and dividend rights) on the unvested portion of the RSUs.

The fair values of the 2019 tranche of JS RSU Scheme were estimated as at the date of grant using a Monte-Carlo Simulation Model, considering the terms and conditions upon which the RSUs were granted. The following table lists the key inputs to the model used:

Life of the RSU Plan	0.33-3.33 years
Annualized staff turnover rate	0%-10%
Annualized volatility of revenue change *	25.0%
Discount rate ("**WACC**")	16.0%

* The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

JS RSU Scheme – 2021 tranche

On January 18, 2021, January 27, 2021 and April 1, 2021, a total of 9,924,347 RSUs were granted to 9 participants of the Company pursuant to JS RSU Scheme, which were partly sourced from the issuance of 5,500,000 new shares.

On September 28, 2021 and November 10, 2021, a total of 1,370,000 RSUs were granted to 23 participants of the Company pursuant to JS RSU Scheme.

The 2021 tranche of JS RSU Scheme was granted with nil consideration and the vesting schedule is similar to that of 2019 tranche. 30% of the RSUs are Time RSUs, which vest annually from 2021 to 2023. 70% of the RSUs are Performance RSUs, which vest annually from 2021 to 2023 based on the performance target.

The fair value of the 2021 tranche of JS RSU Scheme was based on the closing price of Company's share as at the date of grant.

38. Share-based payments (continued)

Restricted Stock Units Plan of the Group ("JS RSU Scheme") (continued)

JS RSU Scheme – 2022 tranche

On March 18, 2022 and April 1, 2022, a total of 1,042,000 RSUs were granted to 9 participants of the Company pursuant to JS RSU Scheme.

The 2022 tranche of JS RSU Scheme was granted with no consideration and the vesting schedule is similar to that of 2019 tranche. 30% of the RSUs are Time RSUs, which vest annually from 2022 to 2023. 70% of the RSUs are Performance RSUs, which vest in 2022 and 2023 based on performance target.

JS RSU Scheme – 2023 tranche 1

On April 3, 2023, a total of 2,842,000 RSUs were granted to 22 participants of the Group pursuant to the JS RSU Scheme.

JS RSU Scheme – 2023 tranche 2

On June 6, 2023, a total of 53,100,000 RSUs were granted to directors and employees with no consideration with the vesting schedule as below:

- 50% of the RSUs, namely 26,550,000 RSUs, are not subject to any performance-based conditions and vest in three equal annual installments on or around May 31 of 2024 to 2026 (the "**Time RSUs**"). If the grantees are employed or in service with the Group as of January 31 of any year, they will be entitled to the Time RSUs to be vested on or before May 31 of the same year.

- 50% of the RSUs, namely 26,550,000 RSUs, are subject to performance-based conditions and vest (if any, fully or partially) over three years on or around May 31 of 2024 to 2026 (the "**Performance RSUs**"). The performance targets are measured by reference to the financial performance as defined in the agreement for each of the three financial years ending December 31 of 2023, 2024 and 2025 (the "**Plan Years**"). If the grantees are employed or in service with the Group as of January 31 of any year, they will be entitled to the Performance RSUs to be vested on or before May 31 of the same year.

Grantees are not entitled to any rights (including voting and dividend rights) on the unvested portion of the RSUs, except for shares of SharkNinja, Inc. from dividends in specie from the distribution of the SharkNinja Group as mentioned in note 12.

38. Share-based payments (continued)

Restricted Stock Units Plan of the Group ("JS RSU Scheme") (continued)

JS RSU Scheme – 2023 tranche 2 (continued)

The following RSUs were outstanding under the RSU Scheme:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Fair value per share US$	**Number of RSUs**	Fair value per share US$	Number of RSUs
At the beginning of the year	**0.80**	**34,845,107**	0.83	67,742,145
Granted on March 18, 2022	**-**	**-**	0.95	958,000
Granted on April 1, 2022	**-**	**-**	1.17	84,000
Grant on April 3, 2023	**1.00**	**2,842,000**	–	–
Grant on June 6, 2023	**1.02**	**53,100,000**	–	–
Exercised during the year	**0.82**	**(32,600,512)**	0.81	(32,815,329)
Forfeited during the year	**0.77**	**(5,086,595)**	0.94	(1,123,709)
At the end of the year	**1.02**	**53,100,000**	0.80	34,845,107

The Group recognized share award expenses of US$56,848,000 in total, of which US$14,171,000 and US$42,677,000 expenses were recognized for equity-settled transactions and cash-settled transactions respectively, which were based on the observable market price in the stock market during the year ended December 31, 2023.

38. Share-based payments (continued)

Restricted Stock Units Plan of the Group ("JS RSU Scheme") (continued)

JS RSU Scheme – 2023 tranche 2 (continued)

At the date of approval of the financial statements, the Company had 53,100,000 RSUs and 2,124,000 shares of SharkNinja, Inc. outstanding under the JS RSU Scheme. The RSUs under the JS RSU Scheme represented approximately 1.5% of the Company's shares in issue as at that date.

Share Option Incentive Scheme of Joyoung Co., Ltd. ("JY Scheme 2021")

On May 28, 2021, the Company approved and adopted the Share Option Incentive Scheme Joyoung Co., Ltd. ("**JY Scheme 2021**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of Joyoung's operations. Eligible participants of the Scheme 2021 include directors, senior management and key employees.

Pursuant to the JY Scheme 2021, a total of 18,000,000 share options shall be granted to the eligible participants. On April 29, 2021, a total of 15,600,000 share options were granted to participants with nil consideration. The exercise conditions include company performance and individual performance. The vesting schedules are as follows:

Exercise arrangement	Performance conditions to be fulfilled with	Exercise proportion
First exercise	Compared with year 2020, the revenue growth rate in 2021 is no less than 15% and the profit growth rate in 2021 is no less than 5%	40%
Second exercise	Compared with year 2020, the revenue growth rate in 2022 is no less than 33% and the profit growth rate in 2022 is no less than 16%	30%
Third exercise	Compared with year 2020, the revenue growth rate in 2023 is no less than 56% and the profit growth rate in 2023 is no less than 33%	30%

The registration of share options granted above was completed on June 1, 2021.

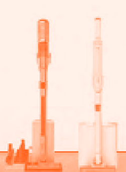
38. Share-based payments (continued)

Share Option Incentive Scheme of Joyoung Co., Ltd. ("JY Scheme 2021") (continued)

The JY Scheme 2021 shall be effective from the date on which the share options have been granted, and end on the date on which all the share options granted to the participants have been exercised or canceled, which shall not exceed 48 months. The vesting period shall be 12 months, 24 months or 36 months from the date on which the share options have been granted and registered.

The following share options were outstanding under the JY Scheme 2021 during the year:

	For the period ended December 31, 2023		For the year ended December 31, 2022	
	Weighted average exercise price RMB per share	**Number of options**	Weighted average exercise price RMB per share	Number of options
At the beginning of the year	**21.99**	**8,646,000**	21.99	15,600,000
Forfeited during the year	**21.99**	**(4,587,000)**	21.99	(6,954,000)
At the end of the year	**21.99**	**4,059,000**	21.99	8,646,000



38. Share-based payments (continued)

Share Option Incentive Scheme of Joyoung Co., Ltd. ("JY Scheme 2021") (continued)

No share options were exercised during the reporting year.

The fair value of equity-settled share options granted during the year, was estimated as at the date of grant using a Black-Scholes share option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Exercise price determined at the grant date	RMB21.99
Expected option life (years)	1-3 years
Estimated volatility of the share price	21.28%-23.83%
Annual risk-free interest rate during the option life	1.50%-2.75%
Fair value per share of the options	11.83-13.78

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The fair value of the share options granted on the grant date was RMB197,632,000 (equivalent to US$30,555,000). As of December 31, 2023, Joyoung Co., Ltd. did not recognize any share option expenses due to the unfulfilled performance target.

At the date of approval of the financial statements, Joyoung Co., Ltd. had 4,059,000 share options outstanding under the JY Scheme 2021, which represented approximately 0.5% of Joyoung Co., Ltd.'s shares in issue (2022: 1.1%).

Phase 1 Employee Stock Ownership Plan (the "JY ESOP I")

On March 28, 2022, Joyoung adopted the phase I employee stock ownership plan (the "**JY ESOP I**"), which was amended on April 1, 2022 and approved by the shareholders of Joyoung on April 22, 2022.

There were 7 participants in total under the JY ESOP I, including the directors, senior management and core employees of Joyoung and its subsidiaries.

The source of the fund of the JY ESOP I was directly from the participants, including their self-owned funds, as well as their future remunerations that expected to be entitled, and other available sources within the framework of the applicable laws and regulations.

38. Share-based payments (continued)

Phase 1 Employee Stock Ownership Plan (the "JY ESOP I") (continued)

On October 20, 2022, 16,000,000 shares in total under the JY ESOP ("**the target shares**") were granted to these participants. Shares granted to these participants were from the treasury shares that previously repurchased from the stock market by Joyoung.

Pursuant to the JY ESOP I, the target shares granted will be eligible to vest over the next five years on the condition that the related performance target for each tranche were satisfied, based on the following schedule:

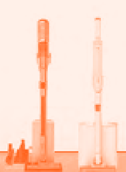
Tranche	Vesting date	Maximum portion of the target shares can be vested
1	November 3, 2023	20%
2	November 3, 2024	20%
3	November 3, 2025	20%
4	November 3, 2026	20%
5	November 3, 2027	20%

On October 27, 2023, 4,660,000 shares in total under the JY ESOP I ("**the target shares**") were granted to 23 participants. Shares granted to these participants were from the treasury shares that previously repurchased from the stock market by Joyoung.

The following share were outstanding under the JY ESOP I during the year:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Fair value per share RMB	**Number of shares**	Fair value per share RMB	Number of shares
At the beginning of the year	**14.75**	**16,000,000**	–	–
Granted on October 20, 2022	**–**	**–**	14.75	16,000,000
Forfeited on April 10, 2023	**14.75**	**(3,200,000)**	–	–
Forfeited on October 13, 2023	**14.75**	**(8,310,000)**	–	–
Granted on October 27, 2023	**13.36**	**4,660,000**	–	–
At the end of the year	**14.04**	**9,150,000**	14.75	16,000,000

Total expense recognized for the year ended December 31, 2023 related to JY ESOP I was approximately RMB10,825,000 (2022:RMB11,380,000).



39. Reserves

The amounts of the Group's reserves and the movements therein for the current year and prior year are presented in the consolidated statement of changes in equity.

Pursuant to the relevant rules and regulations in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries appropriate 10% of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital. During the reporting period, no profit was appropriated for the statutory reserve as the accumulated statutory reserve fund of the Group's PRC subsidiaries has reached 50% of their respective registered capital.

40. Non-controlling interests

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2023	2022
Percentage of equity interest held by non-controlling interests as at December 31:		
Joyoung Co., Ltd.	**32.93%**	32.93%

	2023 **US$'000**	2022 US$'000
Profit for the year allocated to non-controlling interests:		
Joyoung Co., Ltd.	**18,414**	25,605
Dividends paid to non-controlling interests:		
Joyoung Co., Ltd	**10,858**	56,018
Accumulated balances of non-controlling interests at the reporting date:		
Joyoung Co., Ltd.	**163,876**	159,180

Notes to Financial Statements

December 31, 2023

40. Non-controlling interests (continued)

The following tables illustrate the summarized financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

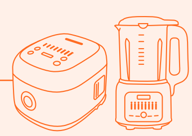
	2023 Joyoung Co., Ltd. US$'000	2022 Joyoung Co., Ltd. US$'000
Revenue	**1,342,590**	1,498,972
Total cost and expenses	**(1,282,559)**	(1,420,233)
Profit for the year	**60,031**	78,739
Total comprehensive income for the year	**59,190**	77,298
Current assets	**809,633**	734,412
Non-current assets	**266,109**	292,143
Current liabilities	**576,324**	532,159
Non-current liabilities	**7,841**	10,669
Net cash flows from operating activities	**107,885**	90,852
Net cash flows from investing activities	**14,300**	33,947
Net cash flows used in financing activities	**(7,053)**	(197,627)
Net increase/(decrease) in cash and cash equivalents	**115,132**	(72,828)

41. Notes to the consolidated statement of cash flows

Changes in liabilities arising from financing activities

	Dividends payable US$'000	Interest-bearing bank borrowings US$'000	Lease liabilities US$'000
At January 1, 2023	**–**	**857,056**	**84,452**
Changes from financing cash flows	**(28,238)**	**(58,505)**	**(18,819)**
Dividends declared	**28,238**	**–**	**–**
Additions of lease liabilities	**–**	**–**	**14,814**
Disposal of lease liabilities	**–**		**(30)**
Included in the discontinued operation (note 12)	**–**	**(804,383)**	**(75,864)**
Interest expenses during the year	**–**	**5,832**	**2,249**
Exchange differences	**–**	**–**	**(1,093)**
At December 31, 2023	**–**	**–**	**5,709**

	Dividends payable US$'000	Interest-bearing bank borrowings US$'000	Lease liabilities US$'000
At January 1, 2022	–	942,146	87,341
Changes from financing cash flows	(235,360)	(88,846)	(22,168)
Dividends declared	235,360	–	–
Additions of lease liabilities	–	–	16,668
Disposal of lease liabilities	–		(109)
Interest expenses during the year	–	3,756	3,850
Exchange differences	–	–	(1,130)
At December 31, 2022	–	857,056	84,452



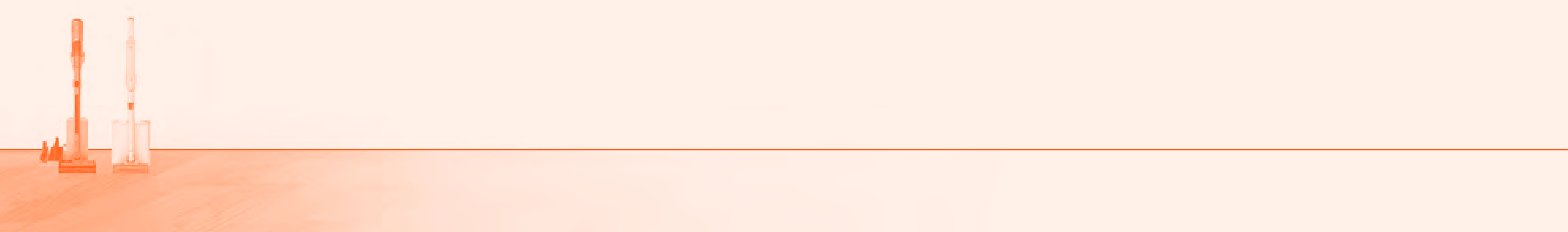
42. Pledge of assets

Details of the Group's trade and bills payables and bank borrowings, which are secured by the assets and equity interests of the Group, are included in notes 29 and 32 to the financial statements.

43. Related party transactions

(a) The Group had the following transactions with related parties during the year:

	Notes	**2023 US$'000**	2022 US$'000
Sales of goods to associates:	i		
Shenzhen Northwest Sunshine Appliance Co., Limited (深圳市西貝陽光電器有限公司)		**12,376**	13,803
Shenyang Boerman Trading Co., Limited (瀋陽伯爾曼商貿有限公司)		**8,912**	9,513
Beijing Zhongdingzhilian Trading Co., Limited (北京中鼎智聯商貿有限公司)		**1,210**	10,358
Henan Xulian Trading Co., Limited (河南旭聯商貿有限公司)		**3,066**	4,637
SharkNinja (HongKong) Company Limited	ii	**136,973**	–
Shanghai Fanqi Health Technology Development Co., Limited (上海泛齊健康科技發展有限公司)		**–**	132
Others	iii	**7,298**	9,738
		169,835	48,181
Purchases of goods from associates:	i		
Hangzhou XinDuoDa Electronic Technology Co., Limited (杭州信多達電子科技有限公司)		**53,860**	54,865
Shandong Shengning Appliance Co., Limited (山東勝寧電器有限公司)		**21,574**	30,114
Shenzhen SharkNinja Technology Co., Limited (深圳尚科寧家科技有限公司)		**1,025**	–
Shandong Yiteng Small Appliance Co., Limited (山東一騰小家電有限公司)		**4,413**	21,006
Others	iii	**224**	475
		81,096	106,460



43. Related party transactions (continued)

(a) The Group had the following transactions with related parties during the year: (continued)

	Notes	**2023 US$'000**	2022 US$'000
Rental income from associates	iv	**843**	613
Service income from associates	v	**2,328**	743
Service income from related parties	vi	**40,285**	–
Advances to related parties	vii	**18,899**	7,602
Settlement of advance to related parties	vii	**2,902**	5,293
Brand license fee	viii	**1,904**	–
Product development fee	viii	**417**	–
Transition services fee	ix	**1,250**	–

Notes:

(i) The sales to/purchases from the associates were made according to the prices and conditions mutually agreed by both parties.

(ii) The purchases made by SharkNinja (Hong Kong) Company Limited from Joyoung Co., Ltd. and its subsidiaries shall be conducted within the annual caps amount that were approved on the extraordinary general meeting. These purchases constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Group has complied with the requirements in Chapter 14A of the Listing Rules.

(iii) The amounts represented the aggregate transaction amounts with certain of the Group's associates that are widely dispersed and not individually significant.

(iv) The rental income from the associates was generated according to the contracts agreed by both parties. Included in the amounts was rental income of US$746,000 (2022: US$547,000) generated from Hangzhou Joyoung Bean Industry Limited ("杭州九陽豆業有限公司"), which constitute connected transactions as defined in Chapter 14A of the Listing Rules. The Group has complied with the requirements in Chapter 14A of the Listing Rules.

(v) The service income from the associates was generated according to the contracts agreed by both parties.

(vi) Pursuant to the sourcing services agreement between JS Global Trading HK Limited ("JSGT", as supplier) and SharkNinja (Hong Kong) Company Limited ("SNHK", as purchaser), JSGT provides sourcing services to SNHK, and the amount of the service fee is based on the agreed percentage of the procurement amount as defined in the Sourcing Services Agreement. The services constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Group has complied with the requirements in Chapter 14A of the Listing Rules.

(vii) In 2023, the Group paid US$8,373,000 individual income tax in relation to the share award scheme on behalf of certain key management (2022: US$7,602,000).

The advance to related parties was interest-free and had been partially settled with remuneration that key management entitled amounting to US$2,902,000 during the year of 2023 and no balance was settled with cash during the year (2022: US$5,293,000).

The remaining portion were non-trade related advances to the related parties, which is expected to be settled within 1 year.

Notes to Financial Statements

December 31, 2023

43. Related party transactions (continued)

(a) The Group had the following transactions with related parties during the year: (continued)

Notes: (continued)

(viii) During the year, JSGT received brand license and product development services from SharkNinja Europe Ltd. These transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Group has complied with the requirements in Chapter 14A of the Listing Rules.

(ix) During the year, JSGT received certain transition services, including information technology and back-office services as well as front-office services from SharkNinja Group pursuant to the agreement signed between the two parties on July 29, 2023, with the purpose of facilitating the Group's business operations of products under the brands of "Shark" and "Ninja" in the Asia Pacific Region. The services constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Group has complied with the requirements in Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties:

(i) Details of the Group's trade balances with its associates as at the end of the reporting period are disclosed in notes 25 and 29 to the financial statements.

(ii) Details of the Group's amounts due from certain employees who are also related parties of the Group as at the end of the reporting period are disclosed in note 26 to the financial statements. The balance is unsecured and interest-free.

(iii) Details of the Group's advances to related parties as at the end of the reporting period are disclosed in note 26 to the financial statements. The balance is unsecured, interest-free and has no fixed terms of settlement.

(c) Key management compensation

Compensation for key management other than those for directors as disclosed in note 9 to the financial statements is set out below:

	2023 US$'000	2022 US$'000
Salaries, allowances and benefits in kind	**540**	2,523
Performance-related bonuses	**683**	42,885
Pension scheme contributions	**52**	67
Share award expense	**1,553**	5,834
Total	**2,828**	51,309

44. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

December 31, 2023

Financial assets

	Financial assets at fair value through other comprehensive income US$'000	Financial assets at fair value through profit or loss US$'000	Financial assets at amortized cost US$'000	Total US$'000
Financial assets at fair value through profit or loss	–	202,679	–	202,679
Financial assets designated at fair value through other comprehensive income	40,927	–	–	40,927
Other non-current assets	–	–	2,317	2,317
Trade and bills receivables	177,191	–	218,613	395,804
Financial assets included in prepayments, other receivables and other assets	–	–	39,900	39,900
Pledged deposits	–	–	56,292	56,292
Cash and cash equivalents	–	–	319,801	319,801
Total	218,118	202,679	636,923	1,057,720

Financial liabilities

	Financial liabilities at amortized cost US$'000	Total US$'000
Trade and bills payables	472,410	472,410
Financial liabilities included in other payables and accruals	17,278	17,278
Other financial liabilities	–	–
Interest-bearing bank borrowings	–	–
Lease liabilities	5,709	5,709
Total	495,397	495,397

44. Financial instruments by category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

December 31, 2022

Financial assets

	Financial assets at fair value through other comprehensive income US$'000	Financial assets at fair value through profit or loss US$'000	Financial assets at amortized cost US$'000	Total US$'000
Financial assets at fair value through profit or loss	–	93,444	–	93,444
Financial assets designated at fair value through other comprehensive income	42,495	–	–	42,495
Other non-current assets	–	–	11,225	11,225
Trade and bills receivables	264,515	–	933,510	1,198,025
Financial assets included in prepayments, other receivables and other assets	–	–	103,849	103,849
Pledged deposits	–	–	34,901	34,901
Cash and cash equivalents	–	–	504,137	504,137
Derivative financial instruments	–	22,657	–	22,657
Total	307,010	116,101	1,587,622	2,010,733

Financial liabilities

	Financial liabilities at amortized cost US$'000	Total US$'000
Trade and bills payables	687,506	687,506
Financial liabilities included in other payables and accruals	29,648	29,648
Other financial liabilities	87,148	87,148
Interest-bearing bank borrowings	857,056	857,056
Lease liabilities	84,452	84,452
Total	1,745,810	1,745,810

45. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	December 31, 2023 US$'000	December 31, 2022 US$'000	**December 31, 2023 US$'000**	December 31, 2022 US$'000
Financial assets:				
Equity investments designated at fair value through other comprehensive income	**40,927**	42,495	**40,927**	42,495
Financial assets at fair value through profit or loss	**202,679**	93,444	**202,679**	93,444
Derivative financial instruments	**-**	22,657	**-**	22,657

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance manager analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits other than those measured at fair value, financial assets included in prepayments, other receivables and other assets, trade receivables, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. Bills receivable and certain pledged deposits measured at fair value are categorized as Level 2, while financial assets at fair value through profit or loss, financial assets designated at fair value through other comprehensive income are categorized as Level 3.

45. Fair value and fair value hierarchy of financial instruments (continued)

For financial assets measured at fair value, the following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair values of listed equity investments are based on quoted market prices. The Group invests in financial products issued by banks in Chinese Mainland and investment funds in accordance with the entrusted agreements entered into between the parties involved. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

As at December 31, 2023, the mark-to-market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognized at fair value.

45. Fair value and fair value hierarchy of financial instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis at the end of each reporting period:

	As at December 31, 2023 US$'000	As at December 31, 2022 US$'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted financial assets at fair value through profit or loss	**89,287**	93,439	Level 3	Discounted cash flows. Future cash flows are estimated based on the expected applicable yield of the underlying investment portfolio, discounted at a rate that reflects the credit risk of various counterparties	Expected yield of the underlying investment portfolio and the discount rate	Discount rate-1% to discount rate+1% (December 31, 2022: Discount rate-1% to discount rate+1%)	1% (December 31, 2022: 1%) increase/decrease in multiple would result in decrease/ increase in fair value by US$-567,000 /US$599,000 (December 31, 2022: US$-523,000 to US$545,000)
Unlisted financial assets designated at fair value through other comprehensive income	**40,927**	42,495	Level 3	Discounted cash flows. Future cash flows are estimated based on the expected applicable yield of the underlying investment portfolio, discounted at a rate that reflects the credit risk of various counterparties	Expected yield of the underlying investment portfolio and the discount rate	Discount rate-1% to discount rate+1% (December 31, 2022: Discount rate-1% to discount rate+1%)	1% (December 31, 2022: 1%) increase/decrease in multiple would result in decrease/ increase in fair value by US$-2,763,000 /US$4,121,000. (December 31, 2022: US$-2,978,000 to US$4,376,000)

45. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Financial assets:				
Financial assets designated at fair value through other comprehensive income	**–**	**–**	**40,927**	**40,927**
Financial assets at fair value through profit or loss	**113,392**	**–**	**89,287**	**202,679**
Bills receivable	**–**	**177,191**	**–**	**177,191**

As at December 31, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Financial assets:				
Financial assets designated at fair value through other comprehensive income	–	–	42,495	42,495
Financial assets at fair value through profit or loss	5	–	93,439	93,444
Bills receivable	–	264,515	–	264,515
Derivative financial instruments	–	22,657	–	22,657

46. Financial risk management objectives and policies

The Group's principal financial instrument comprises interest-bearing bank loans. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax US$'000
2023		
If interest rate increases by	**1**	**(12,499)**
If interest rate decreases by	**(1)**	**12,499**
2022		
If interest rate increases by	1	(3,181)
If interest rate decreases by	(1)	3,181

46. Financial risk management objectives and policies (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 10.54% (2022: 0.36%) of the Group's sales in 2023 were denominated in currencies other than the functional currencies of the operating units making the sales. Management has assessed that the Group's profit before tax is not sensitive to the currency exchange rate at the end of each reporting period.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB and HK$ exchange rates of the Group's equity due to changes in the currency translation.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in equity* US$'000
December 31, 2023		
If US$ weakens against RMB	**5**	**27,471**
If US$ strengthens against RMB	**(5)**	**(27,471)**
If US$ weakens against HK$	**5**	**478**
If US$ strengthens against HK$	**(5)**	**(478)**
December 31, 2022		
If US$ weakens against RMB	5	28,316
If US$ strengthens against RMB	(5)	(28,316)
If US$ weakens against HK$	5	744
If US$ strengthens against HK$	(5)	(744)

* Excluding retained profits

46. Financial risk management objectives and policies (continued)

Credit risk

The Group is exposed to credit risk in relation to its trade and bills receivables and other receivables, pledged deposits and cash and cash equivalents.

The Group expects that there is no significant credit risk associated with pledged deposits and cash and cash equivalents since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group expects that the credit risk associated with trade and bills receivables and other receivables due from related parties is considered to be low since related parties have a strong capacity to meet its contractual cash flow obligations in the near term. Impairment provision recognized during the reporting period was US$375,000 for the trade receivables and other receivables due from related parties (2022: US$265,000).

The Group trades only with recognized and creditworthy third parties. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables and other receivables are widely dispersed. The expected credit losses for trade receivables are disclosed in note 25. Financial assets included in prepayments, other receivables and other assets mainly represent rental receivables, advances from employees, deposits with suppliers and amounts due from related parties. Credit risk is managed by analysis by counterparties, as no comparable companies with credit ratings can be identified. Expected credit losses are estimated with reference to the historical loss record of the Group and other reasonable forward-looking information, which resulted in expected credit losses of US$1,089,000 as at December 31, 2023 (2022: US$556,000). In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 25 to the financial statements.

46. Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure in respect of its development projects, and flexibility through the use of stand-by credit facilities.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on contractual undiscounted payments, is as follows:

Year ended December 31, 2023

	Less than 3 months US$'000	3 to less than 12 months US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Interest-bearing bank borrowings	-	-	-	-	-
Trade and bills payables	31,610	455,776	987	-	488,373
Financial liabilities included in other payables and accruals	34,113	-	-	-	34,113
Lease liabilities	-	2,532	3,177	-	5,709
	65,723	458,308	4,164	-	528,195

46. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Year ended December 31, 2022

	Less than 3 months US$'000	3 to less than 12 months US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Interest-bearing bank borrowings	100,456	85,203	768,637	–	954,296
Trade and bills payables	684,624	2,074	808	–	687,506
Financial liabilities included in other payables and accruals	29,648	–	–	–	29,648
Lease liabilities	5,621	15,098	50,625	26,160	97,504
	820,349	102,375	820,070	26,160	1,768,954

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for capital management during the reporting period.

47. Events after the reporting period

(i) In January 2024, Hangzhou Joyoung Household Electric Appliances Limited, a wholly-owned subsidiary of Joyoung Co., Ltd. has completed the acquisition of 68.4517% equity of Shenzhen Beetle Intelligent Co., Ltd., a company which has multiple core patents of robotic vacuum of a total consideration in cash of RMB126 million. Since then, Shenzhen Beetle Intelligent Co., Ltd. has become a subsidiary of the Company.

(ii) In January 2024, the Group as a borrower, entered into a facility agreement with banks as arrangers and agents, for a loan facility of US$100,000,000. The final maturity date of the facility shall initially be the date falling 364 days after the date of the facility agreement and shall, subject to the terms and conditions therein, be extended to the date falling 36 months after the date of the facility agreement. The proceeds from the facility will be primarily used as general working capital of the Group.

48. Statement of financial position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 **US$'000**	2022 US$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**31,171**	869,729
CURRENT ASSETS		
Prepayments, other receivables and other assets	**53**	62
Cash and cash equivalents	**2,977**	76,939
Due from subsidiaries	**117,795**	79,340
Total current assets	**120,825**	156,341
CURRENT LIABILITIES		
Other payables and accruals	**42,833**	8,286
Due to subsidiaries	**–**	9,143
Interest-bearing bank borrowings	**–**	48,303
Total current liabilities	**42,833**	65,732
NET CURRENT ASSETS	**77,992**	90,609
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**–**	372,612
Net assets	**109,163**	587,726
EQUITY		
Issued capital	**34**	34
Share premium	**810,223**	830,545
Share award reserve	**32,777**	36,331
Reserves	**(733,871)**	(279,184)
	109,163	587,726

48. Statement of financial position of the Company (continued)

A summary of the Company's reserves is as follows:

	Issued capital US$'000	Share premium US$'000	Share award reserve US$'000	Accumulated losses US$'000	Total US$'000
At January 1, 2023	**34**	**830,545**	**36,331**	**(279,184)**	**587,726**
Total comprehensive income for the year	**-**	**-**	**-**	**393,499**	**393,499**
Repurchase of shares for share award scheme	**-**	**(20,322)**	**-**	**-**	**(20,322)**
Equity-settled share award scheme	**-**	**-**	**13,777**	**-**	**13,777**
Settlement of share award scheme	**-**	**-**	**(17,331)**	**17,331**	**-**
Distribution in specie	**-**	**-**	**-**	**(848,137)**	**(848,137)**
Interim dividend declared for 2023	**-**	**-**	**-**	**(17,380)**	**(17,380)**
At December 31, 2023	**34**	**810,223**	**32,777**	**(733,871)**	**109,163**

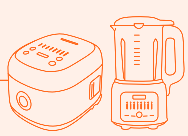
	Issued capital US$'000	Share premium US$'000	Share award reserve US$'000	Accumulated losses US$'000	Total US$'000
At January 1, 2022	34	830,545	40,426	(408,601)	462,404
Total comprehensive income for the year	–	–	–	297,276	297,276
Equity-settled share award scheme	–	–	10,556	–	10,556
Settlement of share award scheme	–	–	(14,651)	14,651	–
Final dividend declared for 2021	–	–	–	(182,510)	(182,510)
At December 31, 2022	34	830,545	36,331	(279,184)	587,726

49. Comparative amounts

As mentioned in note 2.4, the Group has restated the comparative amounts for the prior period as a result of the discontinued operation in 2023. Besides, certain comparative amounts have been reclassified to conform with the current year's presentation.

50. Approval of the financial statements

The financial statements were approved and authorized for issue by the board of directors of the Company on March 28, 2024.

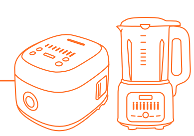


Definitions

"Annual General Meeting"	the forthcoming annual general meeting of the Company to be held on May 22, 2024
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
"China" or "PRC"	the People's Republic of China, and for the purposes of this annual report for geographical reference only (unless otherwise indicated), excluding Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong
"Company", "Our Company" or "JS Global Lifestyle"	JS Global Lifestyle Company Limited, an exempted company incorporated in the Cayman Islands with limited liability on July 26, 2018, the Shares of which are listed on the Stock Exchange
"Controlling Shareholders"	as defined under the Listing Rules
"Director(s)"	director(s) of the Company
"Group" or "we"	the Company (any one or more of, as the context may require) and its subsidiaries and operating entities
"HK$" or "HKD"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
"Joyoung"	Joyoung Co., Ltd. (九陽股份有限公司), a company incorporated in the PRC, whose A shares are listed on the Shenzhen Stock Exchange (stock code: 002242), and a subsidiary of the Company
"Latest Practicable Date"	April 23, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
"Listing"	listing of the Shares on the Main Board of the Stock Exchange

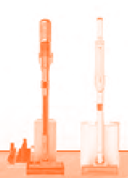
Definitions

"Listing Date"	December 18, 2019, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Memorandum and Articles of Association"	the amended and restated memorandum and articles of association of the Company adopted and effective from the Listing Date and as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2023
"RMB"	the lawful currency of the PRC
"RSU(s)"	the restricted stock unit(s) of the Company
"RSU Committee"	a committee comprising certain members of the Board, duly established by the Board on August 25, 2020 pursuant to the restricted stock units plan approved and adopted by the Company on October 9, 2019
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of US$0.00001 each in the share capital of our Company
"SharkNinja"	SharkNinja, Inc, an exempted limited liability company incorporated in the Cayman Islands and the demerger entity in the Spin-off, which is listed on the New York Stock Exchange (ticket: SN)
"SharkNinja SPV"	SharkNinja Global SPV, Ltd. (formerly known as Compass Cayman SPV, Ltd.), an exempted company incorporated under the laws of the Cayman Islands on June 27, 2017



Definitions

"SharkNinja Group"	SharkNinja, SharkNinja SPV and their respective subsidiaries
"Spin-off"	the separate listing of the shares of SharkNinja on the New York Stock Exchange on July 31, 2023
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	the lawful currency of the United States
"%"	per cent



JS
Global