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JS Global Lifestyle Company Limited

JS 环球生活有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1691)

CONNECTED TRANSACTION DISPOSAL OF EQUITY INTEREST IN JIUYANG BEAN INDUSTRY

DISPOSAL OF EQUITY INTEREST IN JIUYANG BEAN INDUSTRY

The Board is pleased to announce that on November 24, 2023, Joyoung entered into 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 Industry at a consideration of approximately RMB177.23 million. Upon completion of the Disposal, it is expected that the Group will record a gain before tax on the Disposal of approximately RMB89 million, and Joyoung will cease to have any interest in Jiuyang Bean Industry.

LISTING RULES IMPLICATIONS

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 as at the date of this announcement. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the Equity Transfer Agreement and the transaction contemplated thereunder are more than 0.1% but less than 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The appraisal value for 100% equity interest in and of Jiuyang Bean Industry was determined under the income approach. Since Jiuyang Bean Industry is not a subsidiary of the Company before or after the Disposal, the appraisal will not constitute the profit forecast under Rule 14.62 of the Listing Rules.

Reference is made to the announcement of the Company dated October 30, 2023 in relation to, among other things, (i) the Disposal; (ii) the Potential Patent Transfer; and (iii) the Potential Grant of Perpetual Brand Licensing.

The Board is pleased to announce that on November 24, 2023, Joyoung entered into 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 Industry at a consideration of approximately RMB177.23 million.

The principal terms of the Equity Transfer Agreement are summarized below:

Date

November 24, 2023

Parties

- (i) Joyoung (as the vendor); and
- (ii) Solar Blue (as the purchaser).

Subject matter

Pursuant to the Equity Transfer Agreement, Joyoung has agreed to sell and Solar Blue has agreed to purchase 25.5001% equity interest in Jiuyang Bean Industry.

Consideration and basis for determination

The consideration for the Disposal is RMB177,225,695 and shall be paid in the following manner:

- (i) 60% of the consideration in the amount of RMB106,335,417 shall be transferred from Solar Blue to Joyoung's designated bank account within 15 days since the Equity Transfer Agreement is effective (the "**1st Instalment**"); and
- (ii) the remaining 40% of the consideration in the amount of RMB70,890,278 shall be transferred from Solar Blue to Joyoung's designated bank account within 6 months from the completion of the Disposal (the "**2nd Instalment**"). Solar Blue has the right to pay the 2nd Instalment before the fulfillment of the said payment condition.

The consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to the valuation of 100% equity interest in and of Jiuyang Bean Industry as at June 30, 2023, which was RMB695 million. The book value of the equity attributable to owners of the parent of Jiuyang Bean Industry as at June 30, 2023 was approximately RMB356.16 million and the valuation appreciation was RMB338.84 million, with an appreciation rate of 95.13%. According to the valuation report prepared by an independent valuer in the PRC, as Jiuyang Bean Industry has been operating for years with a complete industrial chain and has established its own brand and sales channels, the valuer considered that the total shareholders' equity of Jiuyang Bean Industry could be better reflected with the income approach. Therefore, the discounted cash flow method under the income approach was adopted.

Assumptions made in the valuation

The principal assumptions made in the valuation includes:

- (i) the assets to be appraised are already subjects of a transaction and the valuer will make estimation in a simulated market according to the transaction conditions of the assets to be appraised;
- (ii) the assets to be appraised can be transacted in the open market, and there are willing buyers and sellers of equal standing, having opportunities and time to gain sufficient market information and trading voluntarily, rationally, under no compulsion and without restriction;
- (iii) there will be no material changes as to political, economic and social environment;
- (iv) the operation of Jiuyang Bean Industry is legal and in full compliance with all relevant laws and regulations, and Jiuyang Bean Industry will continue to operate according to its business objectives and management models;
- (v) the management of Jiuyang Bean Industry is responsible, and has the capability to perform their duties;
- (vi) there will be no force majeure and unforeseeable factors which may have a material adverse impact on Jiuyang Bean Industry;

- (vii) the information provided regarding Jiuyang Bean Industry is true, accurate and complete;
- (viii) there are no material changes in the relevant interest rate, exchange rate, tax bases and tax rates and policy-based levies;
- (ix) the accounting policies to be adopted by Jiuyang Bean Industry are consistent with the accounting policies adopted in the preparation of the valuation report in material aspects; and
- (x) all operating cash flows of Jiuyang Bean Industry will be generated evenly in the same year when the related revenues, costs, and expenses occur.

Determination of valuation model and parameters

Considering the operating conditions and the structure of assets and liabilities of Jiuyang Bean Industry, the valuation model formula adopted in the valuation report is:

$$P = \sum_{t=1}^n \frac{F_t}{(1+r)^{i_t}} + \frac{F_{n+1}}{r(1+r)^{i_n}} + \sum C - D - S$$

Where, P is the appraised value; F_t is the expected free cash flow to the enterprise in the future t^{th} income period, which is mainly determined through the analysis of Jiuyang Bean Industry's historical performance and the operation conditions of related products, as well as the relevant economic factors and development prospects of the industry in which it is operating in; r is the discount rate; t is the income forecast period; i_t is the discount period in the future t^{th} income period; n is the number of years of detailed forecast period; $\sum C$ is the value of surplus assets and non-operating assets (liabilities) existing as at the benchmark date; D is the value of interest-bearing debt as at the benchmark date; and S is the value of minority interests.

In addition, weighted average cost of capital (WACC) is used as the discount rate for the appraisal.

$$WACC = K_E \times \frac{E}{D+E} + K_D \times (1 - T) \times \frac{D}{D+E}$$

Where, WACC is the weighted average cost of capital; K_E is the cost of equity capital; K_D is the cost of debt capital; T is the income tax rate; D/E is the target capital structure.

After comprehensive consideration of Jiuyang Bean Industry's current production and operations and operating capacity, and development status of the industry, a detailed forecast period of around 5 years is taken, followed by a stable income period. Therefore, the detailed forecast period will end in 2026, subsequent to which it is the sustainable forecast period.

Completion

The Disposal has been approved at the general meeting of Joyoung held on November 20, 2023. On the full payment of the 1st Instalment by Solar Blue (or its designated paying party) in the manner aforesaid, Joyoung shall transfer 25.5001% equity interest in Jiuyang Bean Industry to Solar Blue and complete the necessary business registration in relation to the Disposal within 15 days.

Upon completion of the Disposal, the equity interest in Jiuyang Bean Industry shall be held as to 42.5001% 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), 25.5001% by Solar Blue, 14.9998% by 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 17% by an independent third party. As at the date of this announcement, Ningbo Meishan Free Trade Port Area Lihao Investment Limited was held equity interest as to 83.75% by Shanghai Hezhou Investment Co., Ltd. (上海合舟投資有限公司), which was indirectly owned by Mr. Wang Xuning as to 61.85%.

Financial effect of the Disposal and the intended use of proceeds

Set out below is the financial information of Jiuyang Bean Industry for the financial years ended December 31, 2022 and December 31, 2021 respectively as extracted from its unaudited consolidated management financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	For the year ended	
	December 31, 2022 RMB	December 31, 2021 RMB
Revenue	618,134,339.81	488,619,062.78
Net profit/(loss) before tax	49,114,589.66	60,615,008.78
Net profit/(loss) after tax	42,630,255.84	53,319,483.71

	Balance as at	
	December 31, 2022 RMB	December 31, 2021 RMB
Total assets	596,783,675.40	458,617,367.47

As at June 30, 2023, the unaudited net asset value of Jiuyang Bean Industry was approximately RMB400 million, and the equity attributable to owners of the parent was approximately RMB356.16 million. As at the date of this announcement, Jiuyang Bean Industry is not a subsidiary of the Company. Upon completion of the Disposal, Joyoung will cease to have any interest in Jiuyang Bean Industry.

It is expected that upon completion of the Disposal, the Group will record a gain before tax on the Disposal of approximately RMB89 million. Such gain is estimated based on the consideration of the Disposal less the book value of long-term equity investment of Jiuyang Bean Industry as at September 30, 2023 of approximately RMB\$88.23 million. Such gain from the Disposal expected to be recorded by the Group is unaudited and subject to the review and final audit by the auditor of the Group. It is expected that the net proceeds from the Disposal will be used as the general working capital of the Group.

Reasons for and benefits of the Disposal

As at the date of this announcement, the core business of Joyoung was the manufacture and sale of home appliance products. In order to better focus on its core business and promote long-term sustainability, Joyoung would like to reduce its stake in Jiuyang Bean Industry, so as to achieve further enhancement of internal resource management and operational efficiency. The consideration of the Disposal was determined based on the appraisal value of 100% equity interest in and of Jiuyang Bean Industry, which well exceeds its current net asset value, and therefore it is beneficial to the Group to realize its investment in Jiuyang Bean Industry through the Disposal.

The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Company

The Company is incorporated in the Cayman Islands with limited liability, principally engaged in the provision of small household appliances.

Information on Joyoung

Joyoung is an indirect non-wholly owned subsidiary of the Company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange (Stock Code: 002242). It is principally engaged in the manufacture and sale of home appliance products, housing leasing, advertising and consultancy. As at the date of this announcement, Joyoung was owned as to approximately 67% by the Company through Shanghai Lihong and Bilting, and approximately 33% by other public shareholders.

Information on Solar Blue

Solar Blue is a private limited company incorporated in Hong Kong and is principally engaged in investment holding. As at the date of this announcement, it was wholly owned by Mr. Wang Xuning, the chairman of the Board and chief executive officer of the Company.

Information on Jiuyang Bean Industry

Jiuyang Bean Industry is a company incorporated in the PRC with limited liability and is principally engaged in the research and development, sales and production of soymilk powder and commercial soymilk makers. As at the date of this announcement, Jiuyang Bean Industry was owned as to approximately 42.5% by Ningbo Meishan Free Trade Port Area Lihao Investment Limited, 25.5% by Joyoung, 15% by Ningbo Meishan Free Trade Port Jiudouyuan Enterprise Management Partnership (Limited Partnership) and 17% by an independent third party, respectively. Ningbo Meishan Free Trade Port Area Lihao Investment Limited was held as to 83.75% by Shanghai Hezhou Investment Co., Ltd., which was indirectly owned by Mr. Wang Xuning as to 61.85%.

LISTING RULES IMPLICATIONS

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 as at the date of this announcement. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the Equity Transfer Agreement and the transaction contemplated thereunder are more than 0.1% but less than 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The appraisal value for 100% equity interest in and of Jiuyang Bean Industry was determined under the income approach. Since Jiuyang Bean Industry is not a subsidiary of the Company before or after the Disposal, the appraisal will not constitute the profit forecast under Rule 14.62 of the Listing Rules.

GENERAL

Mr. Wang Xuning is the sole beneficial owner of Solar Blue, a party to the Equity Transfer Agreement. As at the date of this announcement, Jiuyang Bean Industry was owned as to over 40% by Ningbo Meishan Free Trade Port Area Lihao Investment Limited, which was ultimately controlled by Mr. Wang Xuning. As such, Mr. Wang Xuning is considered to have a material interest in the transaction contemplated under the Equity Transfer Agreement, and has abstained from voting on the Board resolutions for considering and approving the Equity Transfer Agreement and the Disposal. Save as disclosed above, none of the Directors has any material interests in the transaction or is required to abstain from voting on the resolutions of the Board approving the transaction.

As at the date of this announcement, no binding agreement in relation to the Potential Patent Transfer and the Potential Grant of Perpetual Brand Licensing has been entered into by the Company and there is no assurance by the Company that any definitive transaction will be materialized. If the Potential Patent Transfer and the Potential Grant of Perpetual Brand Licensing is materialized, the Company will make further announcement(s) on any material updates on and progress of the Potential Patent Transfer and the Potential Grant of Perpetual Brand Licensing in accordance with the relevant applicable laws and regulations and regulatory requirements, if any. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise.

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bilting”	Bilting Developments Limited, a company incorporated under the laws of the BVI on October 19, 2004 with limited liability, and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands

“China” or “PRC”	the People’s Republic of China, and for the purposes of this announcement for geographical reference only (unless otherwise indicated), excluding Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong
“Company”	JS Global Lifestyle Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of 25.5001% equity interest in Jiuyang Bean Industry by Joyoung to Solar Blue pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated November 24, 2023 entered into between Joyoung and Solar Blue
“Group”	the Company and its subsidiaries and operating entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	a person or entity who is not a connected person of the Company

“Jiuyang Bean Industry”	Hangzhou Jiuyang Bean Industry Limited (杭州九陽豆業有限公司), a company incorporated under the laws of the PRC on November 18, 2008 with limited liability
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potential Patent Transfer”	matters relating the potential transfer of relevant patents to Jiuyang Bean Industry by Joyoung at a consideration of RMB158,800, the details of which are set out in the announcement of the Company dated October 30, 2023
“Potential Grant of Perpetual Brand Licensing”	matters related to the potential grant of perpetual brand licensing to Jiuyang Bean Industry by Joyoung at a consideration of RMB3.6 million, the details of which are set out in the announcement of the Company dated October 30, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Lihong”	Shanghai Lihong Enterprises Management Co., Ltd. (上海力鴻企業管理有限公司), a company incorporated in the PRC on February 14, 2003, and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Solar Blue”	Solar Blue (HK) Limited, a private limited company incorporated in Hong Kong

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board
JS Global Lifestyle Company Limited
WANG Xuning
Chairman

Hong Kong, November 24, 2023

As at the date of this announcement, the Board comprises Mr. WANG Xuning, Ms. HAN Run and Ms. HUANG Shuling as executive Directors, Mr. Stassi Anastas ANASTASSOV as non-executive Director and Mr. Yuan DING, Mr. YANG Xianxiang and Mr. SUN Zhe as independent non-executive Directors.