2021
Annual Report

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

(Incorporated in the Cayman Islands with limited liability)

JS Global

Stock code: 1691

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Wang Xuning *(Chairman and Chief Executive Officer)*
Han Run *(Chief Financial Officer)*
Huang Shuling

Non-executive Directors
Hui Chi Kin Max
Stassi Anastas Anastassov
Mao Wei

Independent Non-executive Directors
Wong Tin Yau Kelvin
Timothy Roberts Warner
Yang Xianxiang

AUDIT COMMITTEE

Wong Tin Yau Kelvin *(Chairman)*
Timothy Roberts Warner
Yang Xianxiang

NOMINATION COMMITTEE

Wang Xuning *(Chairman)*
Wong Tin Yau Kelvin
Yang Xianxiang

REMUNERATION COMMITTEE

Timothy Roberts Warner *(Chairman)*
Han Run
Yang Xianxiang

STRATEGY COMMITTEE

Wang Xuning *(Chairman)*
Hui Chi Kin Max
Stassi Anastas Anastassov
Mao Wei
Wong Tin Yau Kelvin
Timothy Roberts Warner
Yang Xianxiang

AUTHORISED REPRESENTATIVES

Han Run
Shan Minqi

COMPANY SECRETARY

Shan Minqi

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
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Sheung Wan
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Sheung Wan
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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LEGAL ADVISERS

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AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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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

	2021 US$'000	2020 US$'000	2019 US$'000	2018 US$'000	2017 US$'000
Results					
Revenue	**5,150,593**	4,195,816	3,016,094	2,681,914	1,563,428
Gross profit	**1,924,383**	1,742,786	1,126,526	999,043	519,135
Profit before tax	**574,835**	526,775	118,980	140,393	101,918
Profit for the year	**460,702**	402,306	85,177	112,123	140,949
Profit attributable to the owners of the parent	**420,499**	344,430	42,134	34,883	48,207
Total comprehensive income for the year	**478,055**	456,835	81,705	79,305	188,662
Total comprehensive income attributable to the owners of the parent	**432,358**	380,344	38,069	19,566	71,147
Adjusted EBITDA[1]	**733,533**	662,938	405,491	312,055	197,083
Adjusted profit[2]	**502,444**	419,259	233,889	151,105	139,687

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

(2) Adjusted 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.

Summary of Financial Information

	2021 US$'000	2020 US$'000	2019 US$'000	2018 US$'000	2017 US$'000
Assets:					
Non-current assets	**2,029,736**	1,940,394	1,999,419	1,889,354	1,896,449
Current assets	**2,779,075**	2,713,714	1,775,373	1,411,345	1,388,536
Total assets	**4,808,811**	4,654,108	3,774,792	3,300,699	3,284,985
Equity and liabilities:					
Equity attributable to owners of the parent	**1,860,097**	1,611,778	1,287,821	(103,717)	15,757
Non-controlling interests	**228,798**	308,589	245,540	566,721	582,048
Total equity	**2,088,895**	1,920,367	1,533,361	463,004	597,805
Non-current liabilities	**1,096,519**	1,115,882	1,250,973	1,557,020	2,026,059
Current liabilities	**1,623,397**	1,617,859	990,458	1,280,675	661,121
Total liabilities	**2,719,916**	2,733,741	2,241,431	2,837,695	2,687,180
Total equity and liabilities	**4,808,811**	4,654,108	3,774,792	3,300,699	3,284,985

Chairman's Statement

Dear Shareholders,

Despite headwinds from the COVID-19 pandemic and uncertain macro environment, the Company still managed to achieve extraordinary growth, thanks to the support of our investors and partners, as well as the joint efforts of the management team and all our associates. The total revenue of the Company amounted to approximately US$5,150.6 million throughout the year of 2021, representing a year-on-year increase of approximately 22.8%.

SUSTAINED STRONG PERFORMANCE OF THE COMPANY AS A WHOLE

Throughout the year of 2021, the SharkNinja segment achieved a revenue of approximately US$3,714.9 million, representing a year-on-year increase of approximately 35.9%, while the Joyoung segment achieved a revenue of approximately US$1,435.7 million, representing a slight decrease of approximately 1.9% year-on-year. From the perspective of product categories, revenue from sales of cleaning appliances increased by 15.5%, cooking appliances increased by 41.8% and food preparation appliances increased by 5.6%.

The revenue growth of the SharkNinja segment was attributable to continued market share growth in existing product categories, along with the successful launch of products into new categories in 2020 that have provided year-on-year growth during 2021. Further contributing to this organic revenue growth was the launch of numerous new products, and the expansion into new categories in 2021. In addition, the continued international expansion of the SharkNinja segment within Europe and other regions provided significant growth during 2021. The strength of the Shark and Ninja brands continues to enable both new category entry in existing markets, and further penetration into new markets.

The slight decrease of revenue in the Joyoung segment was primarily attributable to the persistent challenges within the China market, and the competitive categories we operate in. As a leading brand in the domestic small home appliance industry, Joyoung will continue to insist on innovation, actively grasp the growth trend, develop and innovate more new categories to meet the market demand, devote itself to entering new fields such as cleaning small home appliances, and devote itself to building the company into a full category of high-quality small home appliance leader.

REMARKABLE FINANCIAL PERFORMANCE

Gross profit of the Group for the year ended December 31, 2021 was approximately US$1,924.4 million, representing a year-on-year increase of 10.4%, while gross profit margin was 37.4%. Adjusted EBITDA increased by 10.7% year-on-year to approximately US$733.5 million. Adjusted net profit for the year ended December 31, 2021 increased by 19.8% year-on-year to approximately US$502.4 million. The Board recommends the payment of a final dividend of HK$0.4098 (equivalent to approximately US$0.0527) per share.

OUTSTANDING RESULTS IN NEW PRODUCT DEVELOPMENT AND INTERNATIONAL MARKET EXPANSION

JS Global Lifestyle is a global leader in high-quality, innovative small household appliances. Our success is centered around our deep understanding of 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 coverage with high penetration. We continuously develop new products and expand into new categories. Through our diverse product portfolio, we cultivate markets, create consumer demand, innovate our product categories by building up market anticipation around product launches, and reshape consumer behaviors and lifestyles around the world. With our trusted market leading brands, Joyoung, Shark and Ninja, we continue to maintain our leadership in the global small household appliance markets. According to Frost & Sullivan, as of December 31, 2021, the Group ranked fourth in the global small household appliance market, an increase of one placement compared to the 2020 year end ranking of #5.

One of our greatest strengths is our ability to collaboratively develop new products based on our global R&D platform, quickly addressing consumer needs for product updates and iterations, pushing out new products and launching across multiple categories in different markets more quickly and simultaneously. With strong global R&D capabilities, global market expansion capabilities, global supply chain management capabilities, and an effective group operational management mechanism, JS Global Lifestyle again achieved strong net profit growth in 2021, maintaining its growth momentum since its IPO. Last year, we continued to invest in R&D, which serves as a solid foundation for JS Global Lifestyle to build up its strength and continue achieving sustainable growth.

In 2021, as a global leader in small household appliances, JS Global Lifestyle continued to launch powerful new products in the global market, despite the ongoing challenges of the macro environment. These include Shark Air Purifier, Shark HyperAir Hair Dryer, Ninja CREAMi ice cream maker, Ninja Foodi Neverdull Cutlery, Hongmeng Smart Link hand-free high-performance blender Y521, visualized steam air fryer SF series, carbon steel rice cooker F921, "DaMoWang" wear-resistant non-stick frying pan. In the meantime, we have steadily expanded globally and will continue our expansion into Europe and the APAC area in 2022.

With regards to the construction of market channels, JS Global Lifestyle focuses on international expansion. At present, JS Global Lifestyle has secured the leading position in the two largest global small household appliance markets, and has established differentiated channel strategies and a robust omni-channel sales, marketing and distribution network that are tailored to the respective local markets. Meanwhile, the global expansion of JS Global Lifestyle has also extended its footprint to other international markets including Canada, the United Kingdom, France, Germany, Japan, and Australia. We have achieved outstanding results in international market expansion. Revenue generated from the European and other markets in 2021 increased by approximately 36.7% and 78.8% compared to that of in 2020.

HUMILITY AND GOODNESS, THE BEGINNING OF PUBLIC WELFARE

While striving to do a good job in management, the subsidiaries of JS Global Lifestyle have also been actively participating in social governance, assuming social responsibilities and creating social values.

In the United States, the SharkNinja segment cooperated with a number of charitable organizations to make donations in the field of health, and the employees of the Company also actively participated in community volunteer services. By the end of 2021, SharkNinja's European headquarters achieved its carbon neutral dynamic target. Thanks to our ongoing commitment to promote a culture of diversity, equity and inclusion, SharkNinja was named 2022 Best Places to Work in Boston and one of the 100 Best Large Companies to Work for in the United States.

In China, the Joyoung segment has been participating in China's public charities in the fields of education and health. By the end of 2021, The Public Welfare Foundation initiated by Joyoung, has started to operate independently. Together with the accumulation of public welfare work in the previous ten years, the Foundation has built a total of 1,217 "Hope Kitchens" in 27 provinces and 222 counties across China, helping over 500,000 teachers and students on a daily basis. In the next ten years, Joyoung expects to donate at least RMB50 million to the foundation, while my team and I will donate at least RMB60 million for a total of at least RMB110 million to support rural revitalization and public welfare in other areas. Joyoung along with Joyoung Hope Fund backed up Henan Province to fight against the disaster and donated RMB5 million worth of goods and materials, clean water and post-disaster recovery for the affected people.

FUTURE OUTLOOK

Moving forward, there are still inherent uncertainties about the future impacts of COVID-19. However, we firmly believe that no matter how the macro market environment changes, we will always adhere to our core strategy: continuing to focus on and explore consumer needs, launch innovative products through a strong global R&D platform to create 5-star products by leveraging our strong marketing and media communication capabilities, as well as an omnichannel sales network. This efficient and virtuous cycle makes us extremely competitive in the market and allows us to continue to offer customers the products they have come to know and rely on.

With our existing channel advantages in the world markets and capability in expanding new markets, rich product portfolio and innovative capability and the synergies between Joyoung segment and SharkNinja segment, we will be in a better position to handle various macro-environment risks and achieve further growth.

Thanks again for your support. We will continue to positively impact the quality of daily lives of families around the world through transformational, innovative and design-driven smart home products, and create healthy and safe family environments and user experiences for all families.

Wang Xuning
Chairman

Hong Kong, March 29, 2022

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 announcement.

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 a global leader in high-quality, innovative small household appliances and our success is centered around our deep understanding of 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 globally. With trusted market-leading brands, Shark, Ninja and Joyoung, we continue to maintain a leading position in the global small household appliance market. According to Frost & Sullivan, as of December 31, 2021, the Group ranked fourth in the global small household appliance market, an increase of one placement compared to the 2020 year end ranking of #5.

We focus on three core competencies: (i) developing transformational innovative products with appealing designs; (ii) effecting multi-form brand marketing; and (iii) building a global omnichannel sales network. They are supported by 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.

We offered our transformational and innovative small household appliances under the brand names of Shark, Ninja and Joyoung, within the following two business segments during the Reporting Period:

- the SharkNinja segment focuses on home environment appliances and kitchen appliances which are sold in North America, Europe, Japan and various other countries throughout the world. The Shark and Ninja brands maintain leading market share in multiple product categories and in a number of countries through an intense focus on quality, reliability, consumer satisfaction and accessible innovation to consumers.

- the Joyoung segment continues offering small household appliances, focusing on kitchen, and cleaning appliances. In China, our Joyoung brand maintains the largest market share in several innovative product categories.

Management Discussion and Analysis

Global Update

2021 marked another strong year of top-line and bottom-line growth for the Company, continuing to build on our growth leading up to, and following our initial public offering in December 2019. Revenue increased by 22.8% organically year over year, driven by growing demand for our products in North America and Great Britain, along with continued expansion in Europe and other regions. Our sustained topline growth occurs amidst a persistently challenging global environment, including a strained supply chain, growing inflation, and remaining uncertainty around the global health crisis. Our global team remains vigilant in navigating these challenges to keep our products in stock at retailers, while aggressively controlling and leveraging costs, allowing us to increase full year adjusted net profit attributable to the parent by 22.8% compared to 2020. We recognize that the industry environment is ever-changing, with many factors that vary market by market, impacting the Group from both supply and demand sides. The pace, degree, and timing of the world's recovery from the COVID-19 pandemic remains uncertain and many people would consider the way we work and live has been permanently changed. Remote work, hybrid in-office models, new daily habits and rituals around the home, and components of the "stay-at-home economy" are likely to remain the new norms.

Despite the uncertainties that the COVID-19 pandemic has created from both the supply and demand perspectives, we have remained committed to our strategy of growing market share within our existing product categories, launching into new product categories and expanding internationally. Our 2021 results are evidence of the strength of our long-term strategy and ability to execute on it despite the challenges we have faced and the continued hard work and ongoing dedication of our associates and partners around the globe.

The United States

Shark remains the #1 vacuum brand in the United States (the "**U.S.**"), while Ninja continues to be the #1 brand in small kitchen appliances in the U.S. Retaining these incredible standings, in very competitive markets, is a direct result of executing on our strategy of growing market share in existing categories and launching into new categories.

Our market share grew in every major category that we operate in, and every major category that we operate in experienced double-digit growth year-on-year. Our market share within cleaning appliances grew from 28.1% to 30.9%[1], cooking appliances from 22.6% to 27.4%[2], and food preparation appliances from 28.6% to 33.1%[3] in the U.S. We have been able to grow our market share in the U.S. by the following ways:

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1 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2021 vs. January–December 2020. "Cleaning appliances" include: Bare Floor Cleaners, Hand Vacuums, Robotic Vacuums, Stick Vacuums, Upright Vacuums

2 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2021 vs. January–December 2020. "Cooking appliances" include: Air Fryers, Electric Grills, Fryers, Multi-Cookers, Toaster Oven

3 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2021 vs. January–December 2020. "Food preparation appliances" include: Juice Extractor, Kitchen System, Single Serve Blending & Processing, Traditional Blending, Traditional Food Processor

- Launching into numerous new categories in 2021 which allowed us to start winning market share in those new categories. The following list represents product launches in new product categories in 2021:

    - **Shark Air Purifier 4 and 6** which quietly distribute air through 4 or 6 powerful fans, track air quality and auto-adjusts power to constantly maintain clean air — air purification is a new product category for SharkNinja in 2021 (Launched: 1st Half 2021)

    - **Shark HyperAIR Fast-Drying Hair Blow Dryer,** marking our first entry into the personal care space, delivering premium air power and next-generation intelligence for an easy, healthy, hair-care experience (Launched: Q4 2021)

    - **Ninja CREAMi,** which transforms everyday ingredients into ice cream, gelato, smoothie bowls, milkshakes and more, marking our first expansion into the ice cream making category (Launched: Q3 2021)

    - **Ninja Cold Press Juicer Pro** developed in collaboration with Joyoung which makes nutrient filled juices and wellness shots at home (Launched: 1st Half 2021)

    - **Ninja Foodi NeverDull Premium Knife System,** offering the consumer premium knives that stay razor sharp (Launched: Q4 2021)

    - **Ninja Precision Temperature Electric Kettle,** allowing consumers to brew at the perfect temperature for each tea or coffee type (Launched: Q4 2021)

    - **Ninja Foodi 2-in-1 Flip Toaster,** combining capabilities of a toaster and oven, in one small footprint (Launched: Q4 2021)

    - **Ninja DualBrew Pro Specialty Coffee System,** bringing K-Cup coffee pod capability to the Ninja Coffee line up for the first time (Launched: Q4 2021)

    - **Shark Vertex Canister Vacuum with DuoClean PowerFins,** bringing powerful Shark suction and advanced cleaning technology into a compact canister vacuum (Launched: Q4 2021)

- Securing strong placement of these new categories at retailers as a result of our solid track record of success when we have expanded into new product categories in the past, and our willingness to invest in advertising to support the new product launches.

- Launching numerous new products in existing categories in order to grow market share globally.

- Continuing to heavily leverage, with respect to all of our product launches, consumer insights in order to validate that the products we are bringing to the market will resonate with consumers and create excitement, while also living up to the claims we are making in our advertising.

Management Discussion and Analysis

- Launching innovative new products under the Shark brand during 2020 in both existing product categories and new product categories which contributed incremental revenue in 2021, such as the Shark VacMop, which is a cordless vacuum that combines powerful suction for dry debris and spray mopping for wet stuck on messes in one no-touch disposable pad and the Shark AI VacMop robot vacuum.

- Launching innovative new products under the Ninja brand during 2020 in both existing product categories and new product categories which contributed incremental revenue in 2021 including the Ninja Foodi Power Blender and Processor which has Variable Speed Control function with smartTorque that blends and powers through at any speed and never stalls, the Ninja Foodi Smart XL 6-in-1 Indoor Grill with the innovative Smart Cook System and XL capacity, the Ninja Foodi 10-in-1 XL Pro Air Fry Oven and a new series of Ninja Foodi NeverStick cookware. These new products have built upon the portfolio of successful Ninja Foodi products that we launched in 2018 and 2019 to accelerate the strong growth trend across the entire Ninja Foodi series.

Marketing and advertising continued to be a significant area of spending for us, as we continued to invest in digital advertising, short-form and long-form television advertising to provide further knowledge to consumers about the products we are bringing to the market. Further, we are leveraging new media channels, broadening advertising support by pushing notification wherever the consumer spends time across streaming, social platforms, and mobile, while maintaining close partnerships with platforms to test, learn and scale up. We increased influencer marketing activity, with a bigger focus on promoting consumer 5-star reviews and experiences to drive online conversation and spread authentic word-of-mouth, showcasing our strong and growing consumer loyalty.

We have continued to leverage our omni-channel distribution strategy as sales shifted from offline to online and consumers are able to find our products wherever they choose to shop. We have leveraged our strong relationships with retailers to gain incremental product placements and key promotions during Amazon Prime Day, Black Friday, Cyber Week, and other key promotional periods.

According to the U.S. Bureau of Economic Analysis, real gross domestic production ("**GDP**") of the U.S. grew at a 5.7% rate during 2021. Personal consumption increased at an annualized rate of 11.8% in the second quarter, accelerating from 11.4% at the end of the first quarter of 2021.

All the categories that we operate in experienced substantial market size year-on-year growth in 2021. The U.S. Home Environment market achieved 8% dollar growth year on year, with full size vacuums, hand/stick vacuums, and specialty cleaning combined accounting for 71% of the incremental dollar growth. Meanwhile, U.S. Kitchen Electrics saw 5.9% dollar growth, with coffee/espresso makers, toaster ovens, and blending & processing combined accounting for 63% of the incremental dollar growth[4]. We saw a deceleration of this growth in the second half of 2021 as compared to the first half as year-on-year comparisons became harder to comp, but overall demand for these categories remained strong.

4 Source: The NPD Group/Retail Tracking Service, 52WE January 1, 2022 vs. YA

China

The Group's Joyoung segment actively expanded into new categories, new channels and new media, promoted the online and offline integrated development, and launched a series of new products in a timely manner to satisfy demands of consumers of different age groups. The Joyoung segment vigorously deployed and developed offline new retail channels, promoted the construction of high-end brand stores represented by shopping malls, proactively adapted to the online-offline omni-channel development trend and built the closed loop of new retail O2O shopping experience, which brought the brand closer to consumers, users and followers and accumulated the big data foundation for deep cultivation of the value of digital economy in the future.

In 2021, our existing kitchen appliance categories gave full play to the competitive advantages of new products to capture new niche opportunities and maintain existing market share, and at the same time, it also made full use of its advantages to seize market share, such as promoting the HarmonyOS Connect wash-free high-performance multi-functional blender Y521, the visual steam and air fryer SF series, the smart carbon steel kettle rice cooker F921, the Damowang wear-resistant non-stick fry pan (大磨王耐磨不黏炒鍋) and Rexiaojin RO reverse osmosis and heat purification integrated machine (熱小淨RO反滲透淨熱一體機) and other rigid-needed products to satisfy the public's desire for quality life. In the meantime, the Group expanded the mix of cookware and water purification products, such as launching diamond wear-resistant non-stick cookware and Rexiaojin RO reverse osmosis and heat purification integrated machine (熱小淨RO反滲透淨熱一體機).

Furthermore, the Shark brand offered a more localized, lightweight product with disinfection feature to the Chinese market, and the Shark brand also launched the first scrubber drier product (Shark Scrubber Drier ED200), a hot-selling product in the industry, and electric steam mop T21. The brand initiated a large-scale promotion campaign through media, circulating the specially crafted promotional music and delivering content marketing in the form of immersive communication to targeted groups. In June 2021, the Shark all-in-one disposable cordless scrubber drier V5 was launched in the market.

In 2021, as a move to adapt to the new economic development trend, the Group actively collaborated with mainstream livestream platforms, seized the opportunities of livestream to build the systematic livestream structure of its own, which consisted of celebrities, KOLs (Key Opinion Leaders), KOCs (Key Opinion Consumers) and in-house livestream salespersons, and further improved the brand recognition and reputation. At the same time, we will keep establishing the retail stores "Shopping Mall" offline steadily to seize the opportunities in the markets of lower tier cities, and establish the good image of high quality small home appliances.

Although facing challenging and complicated internal and external environments, especially the enormous shock of COVID-19 pandemic, China's GDP grew year on year in 2021, with the two-year average growth of the second quarter being higher than that of the first quarter, which indicated that China's economy is recovering and getting better quarter over quarter with strong resilience and vitality. According to All View Cloud ("**AVC**"), in 2021, China's small kitchen appliance industry decreased by double-digits, particularly the demand for non-core products such as food preparation appliances.

Management Discussion and Analysis

Under the backdrop of fierce market competition, increasing disposable income of Chinese consumers and the trend of consumption upgrading, Chinese consumers' consumption behaviors are changing dramatically. Small household appliances including soymilk makers, smart cookers and robotic vacuums are entering people's kitchens and living rooms. The consumption upgrade also triggers the trend of product premiumization and branding.

As of December 31, 2021, data of AVC showed that the Group's Joyoung segment ranked the first in both of the online and offline markets for the categories of soymilk makers and high-performance multi-functional blenders. In addition, according to Tmall Industry Data, Joyoung recorded a better retail performance than the industry level in the product segments of rice cookers, air fryers and water purifiers.

Europe

The Shark and Ninja brands continued to gain market share and deliver significant growth in all major categories we operate in within the European market. These positive trends in Europe continue to be driven by executing on our strategy of growing market share in existing categories, expanding into new markets, and launching into new categories.

During 2021, the Shark brand grew its share in the Great Britain vacuum cleaner market from 29.1% in 2020 to 30.6%[5] in 2021. The Ninja brand held 12.5% market share of the food preparation market, increased from 7.8% in 2020[6].

Ninja currently holds nearly half of the market value share (47.9%) of electrical cooking pots in Great Britain — this is up from 30.1% in the same period in 2020[7]. The Ninja brand has grown in sales value within the deep fryers market as well and now holds 35.1% market share[8].

According to the Office for National Statistics, GDP of the United Kingdom (the "**U.K.**") is estimated to have grown by 1.0% in Q4 2021, capping off an annual rise of 7.5% for the U.K. GDP in 2021. Economic performance in Europe overall has varied from country to country based on a multitude of factors.

Similar to the U.S. small household appliance market, the European market sees noticeable changes in trends including the growth of online channels, the increased use of social media, the shift toward premium and high value-added products, the increased demand for high aesthetic appearance and the rise of Internet of Things technology.

Other Markets

During 2021, the Group also reported strong growth in other markets, particularly in Israel and Japan where we have launched several cleaning appliances designed specifically for Japan, which have been widely embraced by consumers.

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5 GfK; Market Intelligence; Total Vacuum Cleaners; Sales, GB; Jan–Dec 2020 & Jan–Dec 2021

6 GfK; Market Intelligence; Total Food Preparation; Value Sales, GB; Jan–Dec 2020 & Jan–Dec 2021

7 GfK; Market Intelligence; Total Electrical Cooking Pots; Value Sales, GB; Jan–Dec 2020 & Jan–Dec 2021

8 GfK; Market Intelligence; Total Deep Fryers; Value Sales, GB; Jan–Dec 2020 & Jan–Dec 2021

FINANCIAL REVIEW

Overall performance

During the year ended December 31, 2021, the total revenue of the Group was US$5,150.6 million, a year-on-year increase of 22.8%. Gross profit was US$1,924.4 million, a year-on-year increase of 10.4%. Gross profit margin was 37.4%, a decrease of 4.1 percentage points compared to 41.5% in 2020. Profit for the year ended December 31, 2021 increased by 14.5% year-on-year to approximately US$460.7 million. EBITDA[9] for the year ended December 31, 2021 increased by 1.5% year-on-year to approximately US$711.4 million and adjusted EBITDA[10] for the year ended December 31, 2021 increased by 10.7% year-on-year to approximately US$733.5 million. Adjusted net profit[11] for the year ended December 31, 2021 increased by 19.8% year-on-year to approximately US$502.4 million. Profit attributable to owners of the parent increased by approximately 22.1% year-on-year to approximately US$420.5 million. The Board recommends the payment of a final dividend of HK$0.4098 (equivalent to approximately US$0.0527) per share.

Revenue

For the year ended December 31, 2021, the Group recorded a total revenue of US$5,150.6 million (2020: US$4,195.8 million), representing a year-on-year increase of 22.8%.

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

	For the year ended December 31,			
	2021		2020	
	Amount	%	Amount	%
	(in US$ million, except percentage)			
SharkNinja segment	**3,714.9**	**72.1**	2,732.7	65.1
Joyoung segment	**1,435.7**	**27.9**	1,463.1	34.9
Total	**5,150.6**	**100.0**	4,195.8	100.0

9 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 year to EBITDA as defined, see "— Non-IFRS Measures" below.

10 For a reconciliation of EBITDA for the year ended December 31, 2021 to adjusted EBITDA as defined, see "— Non-IFRS Measures" below.

11 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). For a reconciliation of profit for the years to adjusted profit, see "— Non-IFRS Measures" below.

Management Discussion and Analysis

The SharkNinja segment represents the Group's SharkNinja business unit, which distributes its products in the U.S., Europe and other markets around the world and is primarily focused on cleaning appliances and kitchen appliances. The Joyoung segment represents the Group's Joyoung business unit, which focuses on kitchen appliances in China.

Revenue from the SharkNinja segment was US$3,714.9 million (2020: US$2,732.7 million), up by 35.9% year-on-year, and accounting for 72.1% of the total revenue of the Group; revenue from the Joyoung segment was US$1,435.7 million (2020: US$1,463.1 million), slightly decreased by 1.9% year-on-year, and accounting for approximately 27.9% of the total revenue of the Group.

The revenue growth of the SharkNinja segment was attributable to continued market share growth in existing product categories including corded and cordless vacuum cleaners, robotic vacuum cleaners, motorized blenders and heated kitchen appliances, along with the successful launch of products into new categories in 2020 that have provided year-on-year growth during 2021 including the Shark VacMop and Ninja Foodi Neverstick Cookware. Further contributing to this organic revenue growth was the launch of numerous new products, and the expansion into new categories in 2021, including the Shark Air Purifiers 4 and 6, Shark HyperAir Hair Dryer, Shark Vertex Canister Vacuum, Ninja Cold Press Juicer Pro, Ninja CREAMi ice cream maker, Ninja Foodi NeverDull Premium Knife System, Ninja Precision Temperature Electric Kettle, and Ninja Foodi 2-in-1 Flip Toaster. In addition, the continued international expansion of the SharkNinja segment within Europe and other regions provided significant growth during 2021. The strength of the Shark and Ninja brands continues to enable both new category entry in existing markets, and further penetration into new markets. Growth in both cleaning appliances and cooking appliances was supported by our ability to continuously bring innovative new products to market in North America, Europe and other markets while at the same time addressing significant supply chain challenges. This high level of execution has enabled us to further enhance our relationships with retailers and our brand reputation among consumers to gain market share in both existing and new product categories.

Despite the strong performance of both the Shark and Ninja brands, many new product launches were delayed, or sales was hindered due to the macro supply chain issues that our industry, and many others are facing. Most of the new products we launched in 2021 and some of our existing products were out of stocks recurringly while demand outpaced what we were able to deliver.

The decrease of revenue in the Joyoung segment was primarily attributable to the persistent challenges within the China market, and the competitive categories we operate in.

The following table sets forth the breakdown of the Group's revenue by brand:

	For the year ended December 31,			
	2021		2020	
	Amount	%	Amount	%
	(in US$ million, except percentage)			
Shark	**2,013.0**	**39.1**	1,706.4	40.7
Ninja	**1,722.5**	**33.4**	1,061.2	25.3
Joyoung	**1,415.1**	**27.5**	1,428.2	34.0
Total	**5,150.6**	**100.0**	4,195.8	100.0

For the year ended December 31, 2021, the revenue contributed by the Shark brand was US$2,013.0 million (2020: US$1,706.4 million), representing a year-on-year increase of approximately 18.0%. The increase was attributable to the growth in all areas of the cleaning appliances category including corded vacuums, cordless vacuums, robotic vacuums and hard floor cleaners including steam mops. Cordless vacuums delivered significant growth across all major regions, North America, Europe, and other markets including Japan. Success in robotic vacuums was primarily driven by North American channels, and strong consumer reception to our advanced navigation robotic vacuums. Hard floor cleaning continued to see strong demand for our steam cleaning products globally.

For the year ended December 31, 2021, the revenue contributed by the Ninja brand was US$1,722.5 million (2020: US$1,061.2 million), representing a year-on-year increase of approximately 62.3%. The increase was primarily attributable to an expanded assortment in North America, new product launches, and entry into new European markets. Specifically, new product launches within food preparation appliances and cooking appliances categories have driven significant growth in 2021.

For the year ended December 31, 2021, the revenue contributed by the Joyoung brand was US$1,415.1 million (2020: US$1,428.2 million), representing a year-on-year decrease of approximately 0.9%.

The following table sets forth the breakdown of the revenue by geography of the Group:

	For the year ended December 31,			
	2021		2020	
	Amount	%	Amount	%
	(in US$ million, except percentage)			
North America	**2,964.0**	**57.6**	2,210.0	52.7
China	**1,398.2**	**27.1**	1,438.5	34.3
Europe	**616.8**	**12.0**	451.3	10.8
Other markets	**171.6**	**3.3**	96.0	2.2
Total	**5,150.6**	**100.0**	4,195.8	100.0

For the year ended December 31, 2021, total revenue generated from North America was approximately US$2,964.0 million (2020: US$2,210.0 million), representing year-on-year growth of 34.1%. The growth was driven by success across all product categories along with the year-on-year benefit of new product categories launched throughout 2020 and 2021. Growth was further aided by the sustained overall demand for cooking and cleaning appliances in the new "stay-at-home economy" while we worked to further improve our brand reputation and retailer relationships in order to grow market share.

For the year ended December 31, 2021, total revenue generated from China was approximately US$1,398.2 million (2020: US$1,438.5 million), representing a year-on-year decrease of approximately 2.8%. The decrease in China was primarily due to the macro environment that the overall demand in the small household appliance industry slowed down and offline channels were affected, as the small household appliance industry in China encountered temporary challenges.

For the year ended December 31, 2021, total revenue generated from Europe was approximately US$616.8 million (2020: US$451.3 million), representing a year-on-year growth of 36.7%. With enhanced brand recognition driven by successful marketing campaigns, we were successful in obtaining additional retailer shelf space in the U.K. market, while seeing continued success in vacuums, including corded upright and canister vacuums (new in 2021) and cordless vacuums, combined with the growth in Ninja Heated Cooking appliances. Meanwhile, the Group remains on track with regards to its expansion plans into Germany, France, Italy and Spain. Despite challenging conditions throughout the COVID-19 pandemic, we have been successful in launching a direct sales business in both Germany and France at the end of 2020, and Spain and Italy during 2021, and have secured product placements at key retailers in these countries. We are actively investing in advertising in those countries in order to grow our brand awareness and revenue in those markets.

For the year ended December 31, 2021, total revenue generated from other markets was approximately US$171.6 million (2020: US$96.0 million), representing a year-on-year growth of 78.8%, driven primarily by the Japanese and Israeli markets.

The following table sets forth the breakdown of the Group's revenue by product category:

	For the year ended December 31,			
	2021		2020	
	Amount	%	Amount	%
	(in US$ million, except percentage)			
Cleaning appliances	**1,962.5**	**38.1**	1,699.7	40.5
Cooking appliances	**1,868.1**	**36.3**	1,317.3	31.4
Food preparation appliances	**1,045.6**	**20.3**	990.3	23.6
Others	**274.4**	**5.3**	188.5	4.5
Total	**5,150.6**	**100.0**	4,195.8	100.0

Cleaning appliances include upright vacuums, robotic vacuums, cordless and corded stick vacuums and other floor care products. Cooking appliances include rice cookers, pressure cookers, induction cookers, air fryers, countertop grills and ovens, coffee and tea makers 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. Others product category includes small household appliances, such as water purifiers, ventilators, water heaters, air purifiers, garment care and thermos.

For the year ended December 31, 2021, cleaning appliances remained the Group's largest product category, with revenue contribution of 38.1% for the Reporting Period. The cleaning category grew by 15.5% year-on-year to US$1,962.5 million. The growth of cleaning category was primarily attributable to the Shark brand noted above for its market share growth within existing product categories within North America and the U.K. and expansion into new product categories in 2020 and 2021, which were further aided by year-on-year category growth.

The cooking category grew by 41.8% year-on-year to US$1,868.1 million for the year ended December 31, 2021. This was driven by the continued success of SharkNinja's Foodi family of products which include the Ninja Foodi Grill, Digital Air Fry Oven and Deluxe Pressure Cooker & Air Fryer and the expansion of our kitchenware and cookware line-ups. We have continued to gain market share within North America and Europe in 2021 as a result of successful new product launches over the course of the past several years including in 2020 and 2021.

For the year ended December 31, 2021, food preparation appliances recorded revenue growth of 5.6%, with the revenue of US$1,045.6 million. The growth was primarily attributable to the continued demand for Ninja's motorized blender products, in addition to the application of creative products and technologies to the lower end categories and the expansion to the products of prevailing market price range, coupled with the relatively strong growth of the Group's food preparation product categories, such as high-performance multifunctional blenders, food processors, and specialty blending including ice cream and juicers.

For the year ended December 31, 2021, others product category recorded a year-on-year growth of 45.6% to approximately US$274.4 million, which was mainly driven by the cookware series in China's market, with products such as milk pots being well received.

OTHER FINANCIAL INFORMATION

Cost of sales

For the year ended December 31, 2021, the cost of sales of the Group was approximately US$3,226.2 million (2020: US$2,453.0 million), representing a year-on-year increase of approximately 31.5%. The increase was primarily attributable to increased sales as well as other factors impacting our cost of sales as described further below.

The following table sets forth the breakdown of the cost of sales of the Group by business segment:

	For the year ended December 31,			
	2021		2020	
	Amount	%	Amount	%
	(in US$ million, except percentage)			
SharkNinja segment	**2,227.8**	**69.1**	1,467.8	59.8
Joyoung segment	**998.4**	**30.9**	985.2	40.2
Total	**3,226.2**	**100.0**	2,453.0	100.0

For the year ended December 31, 2021, the SharkNinja segment recorded a total cost of sales of approximately US$2,227.8 million (2020: US$1,467.8 million), representing a year-on-year increase of approximately 51.8%. The increase was primarily the result of increased sales along with higher ocean freight costs, higher product costs because of foreign currency and raw material fluctuations and the expiration of tariff exclusions on vacuums and air fryers imported from China to the U.S.. In addition, there were non-recurring tariff refunds of US$38.1 million in 2020 related to tariffs recognized in 2019.

For the year ended December 31, 2021, the Joyoung segment recorded a total cost of sales of approximately US$998.4 million (2020: US$985.2 million), representing a year-on-year increase of approximately 1.3%. The increase was primarily attributable to the change of product mix and increase in overall cost of raw materials during the year.

Gross profit

For the year ended December 31, 2021, the gross profit of the Group was approximately US$1,924.4 million (2020: US$1,742.8 million), representing a year-on-year increase of approximately 10.4%. The increase was primarily attributable to the increase in revenue.

Gross profit margin was 37.4% in 2021, a decrease of 4.1 percentage points from 41.5% in 2020.

The following table sets forth the Group's gross profit and gross margin by business segment:

	For the year ended December 31,			
	2021		2020	
	Gross Profit	Gross Margin %	Gross Profit	Gross Margin %
	(in US$ million, except percentage)			
SharkNinja segment	**1,487.1**	**40.0**	1,264.9	46.3
Joyoung segment	**437.3**	**30.5**	477.9	32.6
Total	**1,924.4**	**37.4**	1,742.8	41.5

The gross profit margin for the year ended December 31, 2021 was 37.4%, representing a decrease of 4.1 percentage points from 41.5% for the year ended December 31, 2020. The decrease in gross profit margin was partly due to the non-recurring tariff refunds of US$38.1 million which were recognized in 2020 related to tariffs incurred in 2019, while no such tariff refunds were recognized in 2021. If not for those refunds, our gross profit margin would have been 40.6% in 2020, resulting in a decrease of 3.2 percentage points in gross profit margin during 2021 as compared to 2020. The decrease in gross profit margin was due to the expiration of tariff exclusions on most vacuums, air fryers and air purifiers imported into the U.S. from China, supply chain related challenges including ocean freight, commodities and unfavorable foreign currency impact. These were partially offset by pricing and promotion activity and cost optimization initiatives. On March 23, 2022, the Office of the United States Trade Representative announced that tariff exclusions would be reinstated through December 31, 2022 and retroactive to October 12, 2021. As of the date of approval of these financial statements, according to the management's preliminary assessment, these exclusions cover the majority of vacuums, air purifiers and air friers that the Group imports from China to the U.S., and the management is assessing the possible amount of tariff refunds in 2022.

For the year ended December 31, 2021, the SharkNinja segment recorded a gross profit of approximately US$1,487.1 million (2020: US$1,264.9 million), representing a year-on-year increase of approximately 17.6%, and its gross profit margin decreased by 6.3 percentage points in 2021. The decrease in gross profit margin was partly due to the non-recurring tariff refunds of US$38.1 million which were recognized in 2020 while no such tariff refunds were recognized in 2021. If not for those refunds, the gross profit margin of the SharkNinja segment would have been 44.9% in 2020, resulting in a decrease of 4.9 percentage points in gross profit margin in 2021 as compared to 2020. Such decrease in gross profit margin was the result of higher ocean freight costs, higher product costs as a result of foreign currency and raw material fluctuations and increased tariffs. We have been able to partially mitigate the impact of those external factors by finding product cost savings opportunities through synergies between the SharkNinja and Joyoung segments and by raising our selling prices where appropriate.

Management Discussion and Analysis

For the year ended December 31, 2021, the Joyoung segment recorded a gross profit of approximately US$437.3 million (2020: US$477.9 million), representing a year-on-year decrease of approximately 8.5%, mainly due to the change of product mix and increase in overall cost of raw materials during the year. The gross profit margin decreased from 32.6% in 2020 to 30.5% in 2021.

Other income and gains

Other income and gains of the Group primarily include (i) gain on financial assets at their fair value; (ii) government grants (mainly relating to research and promotion activities, innovation and patents); and (iii) bank interest income.

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

	For the year ended December 31, 2021	2020
	(in US$ million)	
Other income		
Bank interest income	**8.1**	11.2
Rental income	**1.4**	1.7
Government grants	**13.2**	8.7
Others	**3.3**	1.2
Subtotal	**26.0**	22.8
Gains		
Gain on disposal of an investment property	**—**	23.4
Gain on financial assets at fair value through profit or loss, net	**9.8**	23.2
Gain/(loss) on disposal of associates, net	**1.1**	(0.9)
Others	**4.4**	2.7
Subtotal	**15.3**	48.4

In 2021, other income and gains of the Group was approximately US$41.3 million (2020: US$71.2 million), representing a year-on-year decrease of approximately 42.0%. The decrease was primarily due to decrease in the gain from financial assets at fair value through profit or loss and no any gain noted on disposal of investment property in 2021.

Selling and distribution expenses

Selling and distribution expenses of the Group primarily consist of (i) advertising expenses; (ii) warehousing and transportation expenses for sales of products; (iii) staff cost in relation to sales and distribution staff; (iv) trade marketing expenses in relation to marketing and branding expenses primarily at sales channel; (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:

	For the year ended December 31, 2021 (in US$ million)	2020
Advertising expenses	**316.5**	281.6
Warehousing and transportation expenses	**172.2**	135.9
Trade marketing expenses	**143.1**	127.0
Staff cost	**108.1**	92.9
Business development expenses	**17.5**	16.4
Office expenses and others	**51.4**	41.7
Total	**808.8**	695.5

The Group's selling and distribution expenses increased by approximately 16.3% year-on-year from approximately US$695.5 million in 2020 to approximately US$808.8 million in 2021, which was mainly due to the increase in advertising expenses, warehousing and transportation expenses as a result of the sales growth, expansion into new product categories and market expansion during the year.

Administrative expenses

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

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

	For the year ended December 31, 2021 (in US$ million)	2020
Staff cost	**286.0**	263.1
Professional service fees	**63.4**	67.6
Depreciation and amortization	**54.4**	59.2
Office expenses	**25.6**	23.5
Other expenses[12]	**108.2**	73.9
Total	**537.6**	487.3

12 Other expenses primarily include bank transaction fees, prototype expenses, patent fee and traveling expenses.

The Group's administrative expenses increased by approximately 10.3% year-on-year from approximately US$487.3 million for the year ended December 31, 2020 to approximately US$537.6 million for the year ended December 31, 2021. This represents a significant leveraging of our administrative expense base, as we sought to control expenses and invest more strategically. The increase was primarily attributable to headcount investments within new product development and the impact of international business expansion.

Finance costs

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

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

	For the year ended December 31,	
	2021	2020
	(in US$ million)	
Interest on bank loans	**20.0**	36.5
Interest on lease liabilities	**3.5**	3.2
Amortization of deferred finance costs	**3.6**	34.3
Other finance costs[13]	**0.8**	6.5
Total	**27.9**	80.5

Finance costs of the Group decreased by approximately 65.3% year-on-year from approximately US$80.5 million for the year ended December 31, 2020 to approximately US$27.9 million for the year ended December 31, 2021. The decrease was primarily attributable to decrease in interest expenses on bank loans as the Group has refinanced its credit facilities in 2020 for lowering interest expense for future periods; and no one-time acceleration of the amortization of deferred finance cost in 2021 while such item was noted in 2020 due to replacement of previous credit facilities in prior year.

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% (2020: 25%) on their respective taxable income. During the year, five (2020: five) of the Group's entities obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates.

13 Other finance costs primarily include transaction fees for bills discounting.

During 2021, the Group's U.S. subsidiaries were subject to U.S. federal income tax at the rate of 21%, and to various U.S. state income taxes at rates ranging from 0.38% to 11.5%.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 rates regime.

Income tax expense of the Group decreased by approximately 8.3% year-on-year from approximately US$124.5 million in 2020 to approximately US$114.1 million in 2021. The decrease was primarily attributable to the loss incurred in the Group's U.K. subsidiaries and decreased accrual of PRC dividend withholding tax.

Net profit

As a result of the foregoing reasons, net profit for the Group for the year ended December 31, 2021 increased by approximately 14.5% from approximately US$402.3 million in 2020 to approximately US$460.7 million in 2021.

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:

	For the year ended December 31, 2021	2020
	(in US$ million)	
Profit for the year	**460.7**	402.3
Add:		
Items arising from acquisition and relating to the Reorganization	***19.6***	*23.7*
Amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja	**19.6**	23.7
Non-recurring items and items not related to the Company's ordinary course of business	***22.1***	*(6.8)*
Stock-based compensation	**28.4**	38.0
Tariff refunds	**—**	(38.1)
Acceleration of the amortization of deferred finance cost[14]	**—**	31.3
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(1.1)**	(23.4)
Gain on fair value change from equity investments	**(5.2)**	(14.6)
Adjusted net profit	**502.4**	419.2
Attributable to:		
Owners of the parent	**464.0**	377.8
Non-controlling interests	**38.4**	41.4
	502.4	419.2

14 One-off expense for the acceleration of the amortization of deferred finance cost due to the replacement of credit facilities.

	For the year ended December 31, 2021 (in US$ million)	2020
Profit before tax	**574.8**	526.8
Add:		
Finance cost	**27.9**	80.5
Depreciation and amortization	**116.8**	104.9
Bank interest income	**(8.1)**	(11.2)
EBITDA	**711.4**	701.0
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	***22.1***	*(38.1)*
Stock-based compensation	**28.4**	38.0
Tariff refunds	**—**	(38.1)
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(1.1)**	(23.4)
Gain on fair value change from equity investments	**(5.2)**	(14.6)
Adjusted EBITDA	**733.5**	662.9

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) tariff refunds, (iv) acceleration of the amortization of deferred finance cost, (v) gain on disposal of property, plant and equipment, investment property, associates and subsidiaries, and (vi) gain on fair value change from equity investments, 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 increased by 35.9% from approximately US$575.5 million as of December 31, 2020 to approximately US$782.3 million as of December 31, 2021. This increase is primarily due to continued sales growth in 2021 and expected growth in the first quarter of 2022. Inventory turnover days[15] increased from 71 days in 2020 to 76 days in 2021.

Trade and bills receivables

The Group's trade receivables increased by 3.5% from approximately US$1,203.5 million as of December 31, 2020 to approximately US$1,245.8 million as of December 31, 2021. The increase was primarily due to continued sales growth partially offsetting the improvement in trade receivables collection in 2021. Trade receivables turnover days[16] maintained stable at 86 days as 2020.

Trade and bills payables

The Group's trade payables decreased by 0.7% from approximately US$885.3 million as of December 31, 2020 to approximately US$879.1 million as of December 31, 2021. Trade payables turnover days[17] decreased from 104 days in 2020 to 98 days in 2021.

During the year ended December 31, 2021, 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, 2021, the Group had cash and cash equivalents of approximately US$555.5 million as compared to US$570.8 million as of December 31, 2020. The cash and cash equivalents of the Group are mainly denominated in HK$, RMB and US$.

As of December 31, 2021, the Group's total borrowings amounted to approximately US$942.1 million, representing an increase of approximately 0.3% compared to approximately US$939.4 million as of December 31, 2020. As at December 31, 2021, all of the Group's borrowings were denominated in US$, and the borrowings were based on floating interest rates.

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15 Average inventories equal inventories at the beginning of the year plus inventories at the end of the year, divided by two. Turnover of average inventories equals average inventories divided by cost of sales and multiplied by the number of days in the year.

16 Average trade and bills receivables equal trade and bills receivables at the beginning of the year plus trade and bills receivables at the end of the year, 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 year.

17 Average trade and bills payables equal trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year, 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 year.

The table below sets forth a breakdown of the bank borrowings of the Group as of December 31, 2021:

	As of December 31, 2021 (in US$ million)
Interest-bearing bank borrowings (current portion)	**85.2**
Interest-bearing bank borrowings (non-current portion)	**856.9**
Total	**942.1**

The table below sets forth the aging analysis of the repayment terms of interest-bearing borrowings as of December 31, 2021:

	As of December 31, 2021 (in US$ million)
Repayable within one year	**85.2**
Repayable within two years	**135.1**
Repayable within three to five years	**721.8**
Total	**942.1**

As of December 31, 2021, the Group had total bank facilities of approximately US$1,150.0 million (2020: approximately US$1,200.0 million), of which bank facilities of approximately US$200.0 million were unutilized (2020: approximately US$250.0 million).

Gearing ratio

As of December 31, 2021, the Group's gearing ratio (calculated as the total debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity) was 49.3%, representing a decrease of 3.6 percentage points as compared with 52.9% as of December 31, 2020. The decrease was mainly attributable to growth in equity this year being higher than growth of total debt.

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 all denominated in US$, the interest rates on its borrowings are primarily affected by the benchmark interest rates set by the 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, 2021, certain assets of the Group's subsidiaries had been pledged to secure the Group's borrowings of a total amount of US$942.1 million and total pledged assets accounted for approximately 53.3% of the total assets of the Group. As of December 31, 2021, the equity interest of certain of the Group's subsidiaries had been pledged to secure the Group's borrowings.

Capital expenditures

The capital expenditures of the Group primary consist of additions to property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and other intangible assets. For the year ended December 31, 2021, capital expenditures of the Group amounted to approximately US$149.6 million (2020: US$129.7 million).

Contingent liabilities

As of December 31, 2021, the Group had no material contingent liabilities.

PROSPECT & STRATEGY

Growth Strategies

The Company is committed to driving sustainable long-term growth and strengthening the market position as a global leader in small household appliances through the following strategies:

- Develop and commercialize innovative products, combining powerful technology with appealing designs;
- Drive sustainable long-term growth through sales network and product category expansion;
- Maximize synergies between the Joyoung segment and the SharkNinja segment;
- Strengthen the Group's brand recognition and enhance consumer engagement; and
- Pursue strategic partnerships and acquisitions.

With respect to growth through our sales network, in 2021, we focused on expanding internationally including further growth within the U.K. and Japan, building momentum from our 2020 launch in Germany and France, and starting direct operations in Spain and Italy in 2021, and at the same time working with major retailers in these countries to have the products placed through local sales teams. In the long run, the Group's development strategy focuses on three dimensions: the growth of existing products, the increase in new product offerings and the expansion to new global markets. We will continue to follow and explore consumer demands, launch innovative products continuously through our strong global R&D platform, and create winning products leveraging our strong marketing and media communication capabilities and omni-channel sales network.

With regards to product innovation, we continually seek to expand the product portfolio within the categories that we are already in. Further, we plan to expand into categories that are brand new to the U.S., including outdoor cooking, bakeware, and home environment, in addition to further expansion within personal care and beauty, cutlery, air purifiers, cookware, and ice cream maker where the Ninja CREAMi was launched in 2021. We also plan to continue to develop new products within existing categories including additional hard floor cleaning products, new products within the Ninja Foodi series, a new series of robotic vacuums and a new series of cordless vacuums.

We also focus on continuing to drive synergies between SharkNinja and Joyoung businesses on both the cost side and the sales side. With respect to the cost side, the supply chain and engineering teams have been working closely to identify common materials and components used by both businesses in order to use combined volumes to negotiate for lower costs. In addition, end suppliers are being shared by both segments in order to increase the total number of suppliers available to both segments and help to create a more competitive supplier landscape. On the sales side, we continue to expand the product portfolio under the Shark brand in China.

The core competitiveness of Joyoung is mainly reflected in the advantages of mid-to-high-end, all category and multi-brand positionings; the nationwide online and offline sales network, especially the new retail channels represented by retail stores "Shopping Mall" and the operational advantages of content e-commerce; the product advantages of insight into consumer needs and focusing on the core mainstream category innovation; and the use of digital middle platform to explore the value of big data and strengthen the advantages of digital operation.

Impact of COVID-19

The COVID-19 outbreak has caused a global health emergency that has impacted our business in a number of ways. The health and safety of our employees and their families, suppliers and other business partners and customers has been and will continue to be our top priority throughout this pandemic so we have proactively implemented preventative health measures. Although the COVID-19 vaccine is now available, the duration of the COVID-19 outbreak remains uncertain due to recent variants formed and its full impact is not yet known. From the second quarter of 2020, the COVID-19 outbreak was under control in China and offline stores re-opened and were back to normal operation. In the U.S. and Europe, people have returned to their pre-pandemic routines to a certain extent as vaccines have been rolled out, although we are still seeing a much higher percentage of people working at home rather than at the office than prior to the COVID-19 pandemic. We expect some elements of the stay-at-home economy to remain even after the COVID-19 pandemic is behind us.

Throughout the COVID-19 pandemic, a higher percentage of our sales in North America and Europe were done through online channels than offline channels. Supported by its strong omni-channel advantage, SharkNinja met the needs of consumers through its existing e-commerce platforms and relationships with online retailers. As vaccines were made available and infection rates began declining in North America and Europe, people began to return to their previous shopping habits including a return to offline retailers. As sales shift between online and offline channels, the SharkNinja segment will continue to have its products placed wherever consumers choose to shop.

We have shifted production from China to other countries including Vietnam and Thailand. However, COVID-19 outbreaks in those countries caused significant disruption at factories and at ports, which led to lost production and delays in delivery of products from our manufacturing partners in those countries. As a result, we were not able to produce as many products in Vietnam and Thailand as we had planned to, which led to a reduced ability to offset the impact of tariffs on certain products, as well as an inability to meet all of the demand for those products in the second half of 2021.

As the vaccination rate in China increases and the awareness of personal protection increases, we believe the epidemic will eventually end and the domestic small home appliance innovation will continue to lead the global market. As a leading brand in the domestic small home appliance industry, Joyoung will continue to insist on innovation, actively grasp the growth trend, develop and innovate more new categories to meet the market demand, devote itself to entering new fields such as cleaning small home appliances, and devote itself to building the company into a full category of high-quality small home appliance leader.

Moving forward, there are still inherent uncertainties about the future impacts of COVID-19. However, we firmly believe that no matter how the macro market environment changes, we will always adhere to research and development and innovation in both existing and new categories to offer better small household appliances solutions to consumers, thus maintaining our rapid growth in the industry.

Global Supply Chain and Macroeconomic Factors

Starting in the second half of 2020 and continuing through 2021, we saw a number of disruptions to the global supply chain which have impacted our business. Due to these circumstances, we saw an increase in global ocean freight costs, and an overall shortage of containers which are needed to ship our goods from China and other countries to North America, Europe and other markets. As demand has remained strong in 2021, we have seen a shortage of shipping containers, congestion and back up at ports, and rising ocean freight costs. We believe these increased ocean freight costs and port congestion will continue to be a factor throughout at least the first half of 2022, creating the need to carry higher amounts of inventory due to the unpredictability of transit times.

We are also seeing rising commodities and component prices as well as a shortage of certain key commodities and components that are needed to manufacture our products. While our business is not directly impacted by the Russo-Ukranian War, it may also impact the availability and price of certain key commodities. During 2021, we were able to manage through these headwinds and secure the majority of the products that we needed to meet our demand around the world.

The increased costs for key commodities and components is likely to continue in 2022, contributing to concerns about global inflation. We will continue to mitigate these increased costs by finding offsetting ways to reduce our product costs through re-engineering where appropriate, through leveraging our economies of scale to negotiate better costs, and by raising the selling prices of our products where appropriate. We believe the demand for our products will continue to be strong moving forward, in particular as concerns about inflation continue we anticipate that people will continue to cook at home more and otherwise continue to spend more time at home, thereby increasing their need to cook and clean.

Go-Forward Impact of Trade War

Most of the vacuums, air fryers and air purifiers that we import from China to the U.S. have been subject to the ongoing trade war between the U.S. and China. As a result, we paid 25% tariffs on those goods imported into the U.S. during 2021. However, on March 23, 2022, the Office of the United States Trade Representative announced that tariff exclusions on most of our products that had been subject to those 25% tariffs would be reinstated through December 31, 2022, retroactive to October 12, 2021. Accordingly, we expect to be able to import the majority of the vacuums, air friers and air purifiers that are produced in China into the U.S. without tariffs during 2022.

As a result of trade war between the U.S. and China as well as the desire to further diversify our supply chain, we have continued to source finished goods from outside of China with suppliers in Vietnam and Thailand. We are also working with those suppliers to improve supply chain efficiency and reduce their costs to be closer to the cost we pay for products produced in China moving forward. Despite tariff exclusions being reinstated for 2022, we are maintaining our focus on a diversified supply chain by shifting production out of China and working on initiatives to lower our product cost on those goods.

Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Wang Xuning (王旭寧), age 53, has been the Chairman and Chief Executive Officer of the Company since June 25, 2019, the executive Director since July 2018, and the Global Chief Executive Officer of SharkNinja SPV since September 2017. He has been the Chairman of the Strategy Committee and Nomination Committee of the Company since the Listing Date. Mr. Wang has held several positions within the Group, including serving as a director of SharkNinja Operating LLC since April 2019, a director of SharkNinja Sales Company since September 2017, and the Chairman of Joyoung since September 2007. He also served as the General Manager and the President of Joyoung from September 2007 to March 2019. 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 43, 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. Ms. Han has held several positions within the Group, including serving as the Vice Chairwoman of Joyoung since April 2019, and a director of SharkNinja SPV since September 2017. She also served as the Board Secretary and Vice General Manager of Joyoung from March 2015 to March 2019, the Vice President of Joyoung from March 2007 to March 2015, the Director of legal department of the board and the Chief Officer of the administrative center of Shandong Joyoung Small Appliance Limited from March 2005 to March 2007, and the Manager of the administrative center of Shandong Joyoung Small Appliance Limited from February 2004 to April 2005. 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 successively 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) since 2012. 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 (企業知識產權工作先進個人)" by the State Intellectual Property Office (國家知識產權局) 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.

Ms. Huang Shuling (黃淑玲), age 58, 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 Directors

Mr. Hui Chi Kin Max (許志堅), age 49, 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 also served as a director of SharkNinja SPV, primarily responsible for company oversight and formation from July 2017 to July 2020. Mr. Hui has more than 20 years of experience in investment and fund management. He has served as the Chief Executive Officer and a managing director of CDH Investment Advisory Private Limited in Singapore since July 2013, Mr. Hui is also an investment committee member of the private equity division at CDH Investments. From 2009 to 2017, Mr. Hui served as a non-executive director of China Modern Dairy Holdings Ltd. (中國現代牧業控股有限公司), a company listed on the Stock Exchange (Stock Code: 01117), for corporate development and strategic planning. Prior to joining CDH Investments in 2003, Mr. Hui worked with the investment banking department of Schroders & Co in New York and the private equity division of Morgan Stanley Dean Witter Asia in Hong Kong from 1999 to 2003. Prior to working in the financial industry, Mr. Hui was an Engineer at the oil and gas pipeline division of Bechtel Corporation in San Francisco from 1997 to 1998.

Mr. Hui received a Bachelor's degree in chemical engineering from the University of California, Berkeley in December 1996, and a Master of Engineering from Princeton University in June 1999.

Mr. Stassi Anastas Anastassov, age 60, 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.

Biographies of Directors and Senior Management

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

Mr. Mao Wei (毛衛), aged 50, has been a non-executive Director since August 25, 2020, and has been a member of the Strategy Committee of the Company since August 25, 2020. Mr. Mao has been working at CITIC Private Equity Funds Management Co., Ltd. since September 2011 and had held various positions before he became the managing director and had served as a director of Shaanxi Tourism Cultural Industry Holding Co., Ltd. (陝西旅遊文化產業股份有限公司) from December 2015 to December 2019.

Mr. Mao received a Master of Business Administration from Tsinghua University.

Independent Non-Executive Directors

Dr. Wong Tin Yau Kelvin (黃天祐), Justice of the Peace, age 61, has been an independent non-executive Director since October 11, 2019, and has been the Chairman of the Audit Committee and a member of the Strategy Committee and Nomination Committee of the Company since the Listing Date.

Dr. Wong is an executive director and deputy managing director of COSCO SHIPPING Ports Limited (中遠海運港口有限公司), a company listed on the Stock Exchange (Stock Code: 01199), since July 1996. He has served as an independent non-executive director of Yangtze Optical Fibre and Cable Joint Stock Limited Company (長飛光纖光纜股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 601869) and the Stock Exchange (Stock Code: 6869), since January 2020; as a non-executive director of Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 02202) and the Stock Exchange (Stock Code: 02208), since September 2016; as an independent non-executive director of China ZhengTong Auto Services Holdings Limited (中國正通汽車服務控股有限公司), a company listed on the Stock Exchange (Stock Code: 01728), since November 2010; and as an independent non-executive director of I.T Limited, a company formerly listed on the Stock Exchange (Stock Code: 00999), since August 2007. Dr. Wong also served as an independent non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd (上海復星醫藥(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600196) and the Stock Exchange (Stock Code: 02196), from June 2015 to June 2021; as an independent non-executive director of Bank of Qingdao Co., Ltd. (青島銀行股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002948) and the Stock Exchange (Stock Code: 03866), from April 2015 to February 2020; as an independent non-executive director of Huarong International Financial Holdings Limited (華融國際金融控股有限公司), a company listed on the Stock Exchange (Stock Code: 00993), from October 2015 to December 2019; as an independent non-executive director of Mingfa Group (International) Company Limited (明發集團(國際)有限公司), a company listed on the Stock Exchange (Stock Code: 00846), from September 2018 to March 2019; and as an independent non-executive director of Asia Investment Finance Group Limited (亞投金融集團有限公司) (currently known as Amber Hill Financial Holdings Limited (安山金控股份有限公司)), a company listed on the Stock Exchange (Stock Code: 00033), from October 2016 to February 2018.

Dr. Wong obtained a Master of Business Administration degree from Andrews University in the United States in August 1992 and a Doctorate of Business Administration degree from The Hong Kong Polytechnic University in December 2007.

Mr. Timothy Roberts Warner, age 71, has been an independent non-executive Director since October 11, 2019, and the Chairman of the Remuneration Committee and a member of the Strategy Committee and Audit Committee of the Company since the Listing Date. Mr. Warner has extensive experience in corporate finance and management operations. He has also served as the Chairman of the board of the Tuition Plan Consortium, a national prepaid tuition plan for private colleges and universities in the United States, and has served as the Co-President of Board of Trustees of the Western Reserve Academy since 2010. He has been a Vice Provost for budget and auxiliaries management at Stanford University since 1994, primarily responsible for strategic and financial planning and the line management of several large important service organizations within Stanford University.

Mr. Warner received a Bachelor of Arts with honors in history from Wesleyan University in the United States in May 1973, and a Master of Business Administration from the Graduate School of Business of Stanford University in the United States in June 1977.

Mr. Yang Xianxiang (楊現祥), age 55, 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. Mr. Yang has been the chief executive officer of SITC International Holdings Co., Ltd, a company listed on the Stock Exchange (Stock Code: 1308) since January 2008. 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.

SENIOR MANAGEMENT

Mr. Wang Xuning (王旭寧), age 53, is the Chairman, Chief Executive Officer and an executive Director of the Company, the Chairman of Joyoung and the Global Chief Executive officer of SharkNinja SPV. See "— Directors — Executive Directors."

Ms. Han Run (韓潤), age 43, is an executive Director and the Chief Financial Officer of the Company and the Vice Chairwoman of Joyoung. See "— Directors — Executive Directors" above.

Mr. Mark Adam Barrocas, age 50, has served as the Global President of the Company since June 2019. He has also served in various other positions within the Group, including serving as the President of SharkNinja Operating LLC since September 2008 with responsibility for all of its subsidiaries. Prior to joining the Group, Mr. Barrocas served as the President of the Wearguard Division of Aramark Uniform Services from November 2005 to September 2008, and also served as Sale and Marketing President, Alpha Division and Executive Vice President of Broder Bros., Co. from December 2003 to February 2005, and President of Broder Bros., Co. from February 2005 to November 2005, respectively.

Mr. Barrocas received a Bachelor's degree in general studies from the University of Michigan, US in August 2004.

Biographies of Directors and Senior Management

Ms. Yang Ningning (楊寧寧), age 43, has served as the President and a director of the board of Joyoung since March 2019 and October 2010, respectively, and 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. David William Stevenson, age 43, has served as the Finance Director (Business and Operations) of the Company and the Chief Financial Officer of SharkNinja SPV since September 1, 2020 and April 2019, respectively. He had successively held several positions in SharkNinja, including as Interim Chief Financial Officer from December 2018 to April 2019, Senior Vice President of Finance and the Chief Accounting Officer from September 2017 to December 2018, Vice President of Finance from June 2015 to September 2017 and Corporate Controller from July 2013 to June 2015. Prior to joining SharkNinja, Mr. Stevenson served as a senior manager in the audit practice of Grant Thornton LLP from December 2011 to June 2013, and held various positions at the accounting firm CCR LLP from September 2002 to November 2011 with the eventual title of partner.

Mr. Stevenson received a Bachelor of Science in business and economics from Lehigh University in Pennsylvania, US in June 2000.

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, 2021.

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, 2021 are set out in note 33 to the financial statement.

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. By catering to local needs in different international markets, the Group's business is rooted in the U.S. and the PRC, the two largest small household appliance markets in the world. In addition, the Group has also expanded its business footprint into other developed markets around the world.

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 April 29, 2022. 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 in due course.

PAYMENT OF FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.4098 per share for the year ended December 31, 2021 (the "**Final Dividend**") to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on May 10, 2022, subject to approval by the shareholders of the Company at the Annual General Meeting. The Final Dividend will be paid in Hong Kong dollars, which is expected to be payable on or around July 29, 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the shareholders to attend and vote at the Annual General Meeting

The register of members of the Company will be closed from April 26, 2022 to April 29, 2022 (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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on April 25, 2022.

For determining the entitlement of the shareholders to the proposed Final Dividend

Subject to the approval of shareholders of the Company at the Annual General Meeting, the Final Dividend will be paid on or about July 29, 2022. For determining the entitlement to the proposed Final Dividend, the Register of Members will be closed from May 6, 2022 to May 10, 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed Final Dividend, all transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on May 5, 2022.

AUDIT COMMITTEE

The Audit Committee, consisting of three independent non-executive Directors, namely Dr. Wong Tin Yau Kelvin (Chairman), Mr. Timothy Roberts Warner and Mr. Yang Xianxiang, 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, 2021, 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, 2021 are set out in note 45 of the financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2021, the amount of reserves available for distribution of the Company was approximately US$421,944,000.

DONATIONS

During the year ended December 31, 2021, the Company and its subsidiaries made charitable donations of approximately US$2,913,000.

USE OF PROCEEDS FROM THE PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

For the purposes of (i) repayment of revolving credit facilities and/or for research; (ii) research and development expenses for technology upgrade in existing product lines and ongoing new products development; and (iii) increasing brand awareness and expanding online market channels, as well as obtaining retailer shelf space in the new markets in Europe and Asia, the Company and Easy Home Limited entered into a placing and subscription agreement with China International Capital Corporation Hong Kong Securities Limited and Merrill Lynch (Asia Pacific) Limited (the "**Placing Managers**") on September 24, 2020 (the "**Placing and Subscription**"). Pursuant to the placing and subscription agreement, the Placing Managers will have procured on a best effort basis purchasers to purchase, an aggregate of 109,226,000 shares of the Company at the price of HK$14.12 per share to no less than six placees which are professional, institutional and/or individual investors. The closing price of the share of the Company on September 23, 2020, being the last trading day prior to the date of the placing and subscription agreement, was HK$16.04. On September 28, 2020, an aggregate of 109,226,000 shares of the Company have been successfully placed at the price of HK$14.12 per share. Subsequently, a total of 76,458,000 ordinary shares of the Company with a nominal value of US$0.00001 each were issued upon completion of the subscription to Easy Home Limited (with an aggregate nominal value of US$764.58) on October 6, 2020.

Report of the Directors

The net proceeds received by the Company from the Placing and Subscription was approximately HK$1,070,423,400. The net subscription price, after deducting such fees, costs and expenses, was therefore approximately HK$14.00 per subscription share. Details are set out in the announcements issued by the Company dated September 24, 2020 and October 6, 2020.

As at December 31, 2021, approximately HK$1,070 million of the net proceeds had been utilized in line with the proposed use of proceeds as set out in the announcement of the Company dated October 6, 2020.

The following table sets forth a breakdown of the utilization of net proceeds as at December 31, 2021:

Purpose	Percentage of total amount (approx.)	Net proceeds HK$ million	Utilised amount HK$ million	Unutilised amount HK$ million
1. Partial repayment of an existing revolving credit facility as a part of the facilities in the aggregate amount of US$1,200,000,000 due 2025	36%	390	390	—
2. Committing research and development expenses for technology upgrade in existing product lines and ongoing new products development	32%	340	340	—
3. Committing expenses such as increasing brand awareness and expanding online market channels, as well as obtaining retailer shelf space in the new markets in Europe and Asia	32%	340	340	—
Total	100%	1,070	1,070	—

The net proceeds have been used up according to the purposes as stated in the announcement of the Company dated October 6, 2020, and there are no material change or delay in the use of proceeds.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2021, the Group's largest customer accounted for 11.6% and five largest customers accounted for 43.8% of the Group's total revenue.

For the year ended December 31, 2021, purchases from the Group's largest supplier accounted for 10.7% and five largest suppliers accounted for 33.8% of the Group's total purchases.

During the year ended December 31, 2021, 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

The Group did not have any significant investments during the Reporting Period. During the Reporting Period, the Group also did not carry out any material acquisitions and disposals of subsidiaries, associates and joint ventures.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On March 17, 2020, Global Appliance LLC, which is an indirect wholly-owned subsidiary of the Company, and the Company as borrowers, entered into a facilities agreement (the "**Facilities Agreement**") with a bank as arranger and agent, for loan facilities in the aggregate amount of US$1,200,000,000 (the "**Facilities**"). The final maturity date of the Facilities shall be the date falling 60 months after the date of initial utilization, being March 20, 2020. Pursuant to the Facilities Agreement, the total commitment under the Facilities may be canceled and all amounts outstanding under the Facilities may become immediately due and payable, if, amongst other things, Mr. Wang Xuning, an executive Director and the Chairman of the Board, who is also a controlling shareholder of the Company within the meaning of the Listing Rules, does not or ceases directly or indirectly to control 50% or more of the voting rights at a general meeting of the Company or serve as the Chairman of the Board.

DIRECTORS

The Directors for the year ended December 31, 2021 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

Hui Chi Kin Max

Stassi Anastas Anastassov

Mao Wei

Independent Non-executive Directors

Wong Tin Yau Kelvin

Timothy Roberts Warner

Yang Xianxiang

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

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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, 2021 or during the Reporting Period.

MANAGEMENT CONTRACTS

During the year ended December 31, 2021, 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.

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) Hangzhou Lexiu: As of the Latest Practicable Date, Hangzhou Lexiu Electrical Technology Company Limited (杭州樂秀電子科技有限公司) ("**Hangzhou Lexiu**") was held as to 9.14% by Ningbo Meishan Free Trade Port Area Xuning Innovation Entrepreneur Investment Partnership (Limited Partnership) (寧波梅山保税港區旭寧創新創業投資合夥企業(有限合夥)), whose general partner is Ningbo Meishan Free Trade Port Area Xuning Investment Limited (寧波梅山保税港區旭寧投資有限公司), which was 99% held by Mr. Wang Xuning, an executive Director. Hangzhou Lexiu is primarily engaged in the industry of personal care appliances;

(ii) 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 42.5%, 25.5% and 32% by Ningbo Meishan Free Trade Port Area Lihao Investment Limited, Joyoung and other independent third parties, respectively. Ningbo Meishan Free Trade Port Area Lihao Investment Limited was controlled by the Controlling Shareholders Group. Jiuyang Bean generally provides soymilk powder and commercial soymilk makers; and

(iii) Hangzhou Yibei: As of the Latest Practicable Date, 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.

On the basis that (i) the Group has different product categories with Hangzhou Lexiu, as the Group is primarily engaged in the kitchen and cleaning appliance market, while Hangzhou Lexiu is primarily engaged in the personal care appliance market; (ii) 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 (iii) 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, 2021, 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 interest in the Company[1]
Mr. Wang Xuning[2][3][4]	Founder and beneficiary of a discretionary trust	Long position	1,934,882,576	55.37%
	Beneficial interest	Long position	46,179,890	1.32%
Ms. Han Run[2][5]	Interest in controlled corporations, interest held jointly with other person	Long position	1,603,578,331	45.89%
	Beneficial interest	Long position	11,329,472	0.32%
Ms. Huang Shuling[2]	Interest in controlled corporations, interest held jointly with other person	Long position	1,603,578,331	45.89%

Notes:

(1) The percentage of shareholding in the Company was calculated based on the total number of issued Shares, which was 3,494,612,277 as of December 31, 2021.

(2) Hezhou Company Limited ("**Hezhou**") was the general partner exercising operational control over JS Holding Limited Partnership ("**JS Holding**"). Tong Zhou Company Limited ("**Tong Zhou**") was its limited partner with close to 100% of the limited partnership interest. Hezhou was wholly-owned by Xuning Holdings Limited ("**XHL**"). Tong Zhou was wholly-owned by the investment entities of the Controlling Shareholders Group (which comprises Directors Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling, and other individuals). Therefore, each of Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling was deemed to be interested in the 1,603,578,331 Shares held by JS Holding for the purpose of Part XV of the SFO.

(3) Sol Target Limited ("**STL**"), which was wholly-owned by XHL, held 100 management shares in Sol Omnibus SPC ("**Sol SPC**"). Therefore, Mr. Wang Xuning was deemed to be interested in the 331,304,245 Shares held by Sol SPC for the purpose of Part XV of the SFO.

(4) The entire issued share capital of XHL is wholly-owned by Wang Family Holdings Limited ("**WFHL**"), the entire issued share capital of which is in turn wholly-owned by Wang Family Global Limited ("**WFGL**"). The issued share capital of WFGL is 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. The Wang's Family Trust (through the controlled companies) indirectly hold 1,934,882,576 Shares in aggregate and therefore Mr. Wang is deemed to be interested in 1,934,882,576 Shares of the Company.

Mr. Wang Xuning held 22,658,944 Shares and was interested in 22,658,946 restricted stock units granted to him under the RSU Plan entitling him to receive up to 22,658,946 Shares, subject to vesting.

(5) Ms. Han Run held 5,664,736 Shares and was interested in 5,664,736 restricted stock units granted to her under the RSU Plan entitling her to receive up to 5,664,736 Shares, subject to vesting.

(ii) Interest in associated corporations

Name of Director or chief executive	Nature of interest	Long position/ short position	Associated corporations	Percentage of shareholding in the associated corporation
Ms. Han Run[1]	Beneficial interest	Long position	Joyoung	0.12%
Ms. Huang Shuling[1]	Beneficial interest	Long position	Joyoung	0.04%

Note:

(1) 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. For more details, please refer to "SHARE OPTION SCHEME — Subsidiary Option Scheme" in this annual report.

Save as disclosed above, so far as the Directors are aware, as of December 31, 2021, 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, 2021, 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 Holding[2]	Beneficial interest	Long position	1,603,578,331	45.89%
Hezhou[2]	Interest in controlled corporation	Long position	1,603,578,331	45.89%
Tong Zhou[2]	Interest in controlled corporation	Long position	1,603,578,331	45.89%
Jin Cheng Company Limited ("**Jin Cheng**")[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Mr. Zhu Hongtao[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Fortune Spring Company Limited ("**Fortune Spring**")[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Mr. Zhu Zechun[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Tuo Ge Company Limited ("**Tuo Ge**")[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Ms. Yang Ningning[3][4]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
	Beneficial interest	Long position	11,329,472	0.32%
Yuan Jiu Company Limited ("**Yuan Jiu**")[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Xi Yu Company Limited ("**Xi Yu**")[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%

Report of the Directors

Name of shareholder	Nature of interest	Long position/ short position	Number of shares held	Approximate percentage of shareholding in the Company[1]
Jin Yu Company Limited ("**Jin Yu**")[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Mr. Jiang Guangyong[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Sol Omnibus SPC[5]	Beneficial interest	Long position	331,304,245	9.48%
Sol Target Limited[5]	Interest in controlled corporation	Long position	331,304,245	9.48%
XHL[2][3][5]	Interest in controlled corporations, interest held jointly with other persons	Long position	1,934,882,576	55.37%
Wang Family Holdings Limited	Interest in controlled corporations, interest held jointly with other persons	Long Position	1,934,882,576	55.37%
Wang Family Global Limited	Interest in controlled corporations, interest held jointly with other persons	Long Position	1,934,882,576	55.37%
Trident Trust Company (HK) Limited	Interest in controlled corporations, interest held jointly with other persons	Long Position	1,934,882,576	55.37%
Easy Home Limited ("**Easy Home**")[6]	Beneficial interest	Long position	175,236,139	5.01%
CDH Fund V, L.P.[6]	Interest in controlled corporation	Long position	213,292,305	6.10%
CDH V Holdings Company Limited[6]	Interest in controlled corporation	Long position	213,292,305	6.10%
China Diamond Holdings V Limited[6]	Interest in controlled corporation	Long position	213,292,305	6.10%
China Diamond Holdings Company Limited[6]	Interest in controlled corporation	Long position	213,292,305	6.10%
JPMorgan Chase & Co.[7]	Interest in controlled corporation, investment manager and person having a security interest in shares	Long position	212,798,401	6.08%
	Interest in controlled corporation	Short position	6,174,093	0.17%
	Approved lending agent	Lending pool	34,364,449	0.98%

Notes:

(1) The percentage of shareholding in the Company was calculated based on the total number of issued Shares, which was 3,494,612,277 as of December 31, 2021.

(2) JS Holding directly held 1,603,578,331 Shares. Hezhou is the general partner exercising operational control over JS Holding. Tong Zhou is the limited partner of JS Holding with close to 100% of its limited partnership interest. In addition, Hezhou is a wholly-owned subsidiary of XHL. Therefore, each of Hezhou, Tong Zhou and XHL was deemed to be interested in the 1,603,578,331 Shares held by JS Holding for the purpose of Part XV of the SFO.

(3) XHL was wholly-owned by Mr. Wang Xuning, Jin Cheng was wholly-owned by Mr. Zhu Hongtao, Fortune Spring was wholly-owned by Mr. Zhu Zechun, Tuo Ge was wholly-owned by Ms. Yang Ningning, Yuan Jiu was wholly-owned by Ms. Huang Shuling, Xi Yu was wholly-owned by Ms. Han Run, and Jin Yu was wholly-owned by Mr. Jiang Guangyong. Mr. Wang Xuning, Mr. Zhu Hongtao, Mr. Zhu Zechun, Ms. Yang Ningning, Ms. Huang Shuling, Ms. Han Run and Mr. Jiang Guangyong, respectively through XNL, Jin Cheng, Fortune Spring, Tuo Ge, Yuan Jiu, Xi Yu and Jin Yu commonly hold their interest in the Company through JS Holding and formed the Controlling Shareholders Group. As such, each of Mr. Wang Xuning, Mr. Zhu Hongtao, Mr. Zhu Zechun, Ms. Yang Ningning, Ms. Huang Shuling, Ms. Han Run and Mr. Jiang Guangyong is deemed to be interested in the Shares held by other members of the Controlling Shareholders Group, and each of the Controlling Shareholders Group is deemed to be interested in the 1,603,578,331 Shares held by JS Holding for the purpose of Part XV of the SFO.

(4) Ms. Yang Ningning held 5,664,736 Shares and was interested in 5,664,736 restricted stock units granted to her under the RSU Plan entitling her to receive up to 5,664,736 Shares, subject to vesting.

(5) Sol Target Limited ("**STL**"), which is wholly-owned by XNL, had 100% control in Sol Omnibus SPC ("**Sol SPC**"). Therefore, each of STL and XNL was deemed to be interested in the 331,304,245 Shares held by Sol SPC for the purpose of Part XV of the SFO. XHL was deemed to be interested in 576,882,934 Shares in aggregate held by JS Holding and Sol SPC. See note 2 above.

(6) Easy Home and Comfort Home Limited ("**Comfort Home**") directly held 175,236,139 Shares 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 is in turn wholly-owned by China Diamond Holdings Company Limited. Therefore, each of CDH Fund V, L.P., CDH V Holdings Limited, China Diamond Holdings V Limited and China Diamond Holdings Company Limited were 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.

(7) 212,798,401 Shares are held by JPMorgan Chase & Co. in long position as to (i) 13,930,093 Shares in the capacity as interest of controlled corporations, (ii) 162,716,493 Shares in the capacity as investment manager, (iii) 1,787,366 Shares in the capacity as person having a security interest in shares, and (iv) 34,364,449 Shares in the capacity as approved lending agent.

6,174,093 Shares are in short position held by JPMorgan Chase & Co. in the capacity as interest of controlled corporations.

Save as disclosed herein, as of December 31, 2021, 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 section headed "RSU Plan" and the section headed "Share Award Scheme of Joyoung" 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.

SHARE OPTION SCHEME

Subsidiary 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 Subsidiary Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

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.

As at December 31, 2021, the reserved grant of options consist of 2,400,000 options, representing approximately 0.31% of the total issued share capital of 767,017,000 shares of Joyoung and 13.33% of the total number of Options under the Scheme.

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.

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, 2021	Granted during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Outstanding as at December 31, 2021
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	–	900,000	–	–	–	900,000
Ms. Yang Ningning	April 29, 2021	June 1, 2021	June 2, 2021– June 1, 2025	21.99	–	1,500,000	–	–	–	1,500,000
Ms. Huang Shuling	April 29, 2021	June 1, 2021	June 2, 2021– June 1, 2025	21.99	–	300,000	–	–	–	300,000
Mr. Jiang Guangyong	April 29, 2021	June 1, 2021	June 2, 2021– June 1, 2025	21.99	–	300,000	–	–	–	300,000
Subtotal					–	3,000,000	–	–	–	3,000,000
Other Employees										
103 Eligible Persons	April 29, 2021	June 1, 2021	June 2, 2021– June 1, 2025	21.99	–	12,600,000	–	–	–	12,600,000
Total					–	15,600,000	–	–	–	15,600,000

Notes:

(i) 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, respectively.

(ii) 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.

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 not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Plan will not involve the grant of options by the Company to subscribe for the Shares.

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 restricted stock units 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

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).

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 8.6% of the issued Shares as at the date of this report.

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 restricted stock units ("**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.

Details of the RSUs granted under the RSU Plan

As of December 31, 2021, the aggregate number of Shares underlying the granted RSUs was 67,742,145 representing approximately 1.94% of the issued share capital of the Company.

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

	As at December 31, 2021				
Grantee	**As at January 1, 2021**	**Granted During the year**	**Vested during the year**	**Forfeited or canceled during the year**	**As at December 31, 2021**
Wang Xuning	33,988,418	—	11,329,472	—	22,658,946
Han Run	8,497,104	—	2,832,368	—	5,664,736
Mark Adam Barrocas	23,367,037	6,231,210	9,866,082	—	19,732,165
Yang Ningning	8,497,104	—	2,832,368	—	5,664,736
Qiu Jiandiao	1,125,000	—	375,000	—	750,000
David William Stevenson	2,336,703	—	778,901	—	1,557,802
53 other employees	16,095,067	5,063,137	6,326,640	3,117,804	11,713,760
Total	93,906,433	11,294,347	34,340,831	3,117,804	67,742,145

1 During the year of 2021, a total of 3,117,804 RSUs were lapsed due to the termination of their employment of grantees.

SHARE AWARD SCHEME OF JOYOUNG

The following is a summary of the principal terms of the share award scheme of Joyoung (the "**Share Award Scheme**"). The terms of the Share Award Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Share Award Scheme will not involve the grant of options by the Company or the Company's subsidiary to subscribe for Shares.

The Share Award Scheme was established in November 2017 by Joyoung for the purpose of providing incentives and rewards to eligible participants who contribute to the success of its operations. Eligible participants of the Share Award Scheme include directors and employees of Joyoung.

The maximum number of restricted stock shares (the "**RSS**") currently permitted to be awarded under the Share Award Scheme is an amount equivalent to 10% of the shares of Joyoung in issue at any time. The maximum number of RSS issuable to each eligible participant in the Share Award Scheme within any 12-month period is limited to 1% of the shares of Joyoung in issue at any time. Any further award of RSS in excess of this limit is subject to shareholders' approval in a general meeting.

On operation of the Share Award Scheme, Joyoung repurchased a total of 4,999,960 ordinary shares listed on the Shenzhen Stock Exchange to award certain eligible participants, among which 4,800,000 RSS were granted on June 8, 2018, and 199,960 RSS were granted on December 7, 2018, both upon payment of grant price at RMB1.00 per share by the grantees.

For the 4,800,000 RSS granted to the eligible participants on June 8, 2018, 30% of the shares shall vest after the 12-month locked-in period from the grant date, on the condition that Joyoung achieves a 6% growth of revenue and a 2% growth of profit in 2018 compared with year 2017. 24 months after the grant date, a further 30% of the RSS shall vest if Joyoung achieves an 11% growth of revenue and an 8% growth of profit in 2019 compared with year 2018. The final 40% of the RSS shall vest 36 months after the grant, upon meeting the performance goals of a 17% revenue increase and a 15% profit increase in 2020 compared with year 2019. The RSS expires 48 months after the grant date.

For the 199,960 RSS granted on December 7, 2018, 50% of the RSS shall vest after the 12-month locked-in period, and the remainder shall vest 24 months after the grant date. Performance conditions are the same as the above arrangement for 4,800,000 RSS granted on June 8, 2018.

COVID-19 broke out at the beginning of 2020 and has had a great impact on the social economy. Joyoung expected that the outbreak would also have an impact on its business performance. In order to motivate employees, Joyoung decided to amend the performance condition of the final 40% of the RSS. The revised performance conditions are as follows:

Compared with year 2019, if the revenue growth rate is less than 11% or the profit growth rate is less than 9%, no shares of the final 40% of the RSS should be vested.

If the revenue growth rate is not less than 11% and the profit growth rate is not less than 9%, 60% of the final 40% of the RSS should be vested.

If the revenue growth rate is not less than 13% and the profit growth rate is not less than 11%, 80% of the final 40% of the RSS should be vested.

If the revenue growth rate is not less than 15% and the profit growth rate is not less than 13%, 100% of the final 40% of the RSS should be vested.

If Joyoung does not meet the performance goals, or certain eligible participants resign, the board of directors of Joyoung will decide whether to repurchase the relevant RSS. The repurchase price of RSS is the lowest of (i) the grant price after adjustment of dividends; (ii) the average stock price of Joyoung's shares for the 20 trading days immediately preceding the date of repurchase; and (iii) the average stock price of Joyoung's shares for the day immediately preceding the date of repurchase.

In the first 12-month vesting period, the RSS do not confer rights of dividends and voting to the eligible participants. After the first 12 months, the eligible participants are entitled to rights of dividends only.

As at December 31, 2021, Joyoung had 0 outstanding RSS, which represented approximately 0.00% of Joyoung's shares in issue.

Details of the RSS granted pursuant to the Share Award Scheme to the Directors, senior management and other employees of the Company during the year ended December 31, 2021 are set out below:

	As at January 1, 2021	Granted during the year	Vested during the year	Forfeited or canceled during the year	As at December 31, 2021
Ms. Han Run	80,000	—	80,000	—	0
Ms. Huang Shuling	60,000	—	60,000	—	0
Ms. Yang Ningning	200,000	—	200,000	—	0
Mr. Qiu Jiandiao	24,000	—	24,000	—	0
Other employees	1,392,980	—	1,363,980	29,000	0
	1,756,980	—	1,727,980	29,000	0

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

Save as disclosed in this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 23, 2022, the Office of the United States Trade Representative announced in a "Notice of Reinstatement of Certain Exclusions: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation" that the United States Trade Representative has determined to reinstate exclusions of certain products from additional duties to be applied as of October 12, 2021 and be extended through December 31, 2022. As of the date of approval of these financial statements, according to the management's preliminary assessment, these exclusions cover the majority of vacuums, air purifiers and air friers that the Group imports from China to the United States, and the management is assessing the possible amount of tariff refunds in 2022.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2021, the Group had approximately 5,582 employees in total (as of December 31, 2020: 4,926), of which approximately 3,857 employees were with its China operation, approximately 984 employees were with its U.S. operations, and approximately 741 employees were with other countries or regions operations. For the year ended December 31, 2021, the Group recognized staff costs of US$394.1 million (2020: US$356.0 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.

CONTINGENT LIABILITIES

As at December 31, 2021, the Group had no material contingent liabilities.

CONTINUING CONNECTED TRANSACTIONS — SHANGHAI LIHONG CEASED TO BE A CONNECTED SUBSIDIARY OF THE COMPANY

Reference is made to the Prospectus under the section headed "Connected Transactions", the announcements of the Company dated November 2, 2020, December 23, 2020 and March 31, 2021 (together the "**Announcements**") in relation to, among other things, revision of annual caps for the Purchasing Distribution Agreement and Commissioned Manufacturing Framework Agreement. Since Shanghai Lihong and its subsidiaries are connected subsidiaries of the Company under Rule 14A.16 of the Listing Rules, therefore transactions contemplated under the Purchasing Distribution Agreement and the Commissioned Manufacturing Framework Agreement were subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is also made to the announcement of the Company dated April 6, 2021 in relation to the Share Purchase Agreement dated April 6, 2021 between JS Global Trading HK Limited (an indirect wholly-owned subsidiary of the Company) as purchaser; and the Controlling Shareholders Group, Shanghai Hezhou Investment Co., Ltd and the other individual shareholders (the "**Sellers**"). The Sellers collectively agreed to sell and the purchaser agreed to purchase the shares of Shanghai Lihong representing approximately 16.247% of the total issued shares of it at the consideration of approximately RMB1,155.61 million (the "**Transaction**").

Upon completion of Transaction on June 10, 2021 Shanghai Lihong becomes wholly-owned subsidiary of the Company via JS Global Trading HK Limited and Easy Appliance Hong Kong Limited. Therefore, Shanghai Lihong therefore ceased to be a connected subsidiary of the Company. The transactions contemplated under the Purchasing Distribution Agreement and Commissioned Manufacturing Framework Agreement as stipulated in the Announcements ceased to be connected transactions under Chapter 14A of the Listing Rules.

As of June 10, 2021, the existing annual caps under the Purchasing Distribution Agreement and the Commissioned Manufacturing Framework Agreement of RMB250 million and RMB1,100 million, respectively, had not been exceeded.

The following sets forth the annual caps and actual transaction amounts for the Continuing Connected Transactions for the prior to transactions contemplated under the Purchasing Distribution Agreement and Commissioned Manufacturing Framework Agreement as stipulated in the Announcements ceased to be connected transactions under Chapter 14A of the Listing Rules:

Non-Exempt Continuing Connected Transactions	Annual cap for the year ended December 31, 2021	Actual transaction amount from January 1, 2021 to June 10, 2021
Purchasing Distribution Agreement	RMB250 million	RMB53 million
Commissioned Manufacturing Framework Agreement	RMB1,100 million	RMB422 million

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. The Company has provided a copy of the auditor's assurance report to the Stock Exchange.

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 which do not constitute connected or continuing connected transactions pursuant to chapter 14A of Listing Rules is contained in note 40 to the consolidated financial statements of the Group in this annual report. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

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, 2021.

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;
- the Group faces risks and uncertainties related to the outbreak of COVID-19 which may affect its business; 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.

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

Hong Kong, March 29, 2022

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2021.

CORPORATE GOVERNANCE PRACTICES

The Company and management of the Group are committed to maintenance of good corporate governance practices and procedures. 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 nine Directors, including three executive Directors, three non-executive Directors 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 Xuning, is beneficial to the Group's business prospects and operational coordination between Joyoung and SharkNinja: Mr. Wang Xuning 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. Also, since the acquisition of SharkNinja, being the chairman of Joyoung and Global Chief Executive Officer of SharkNinja SPV (the holding company of SharkNinja), he has acted as the main point of communication between the corporate operation of Joyoung and SharkNinja. 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, 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 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 next following general meeting of the Company 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 10 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, 2021 is as follows:

Name of Director	Training
Wang Xuning	✓
Han Run	✓
Huang Shuling	✓
Hui Chi Kin Max	✓
Stassi Anastas Anastassov	✓
Mao Wei	✓
Wang Tin Yau Kelvin	✓
Timothy Roberts Warner	✓
Yang Xianxiang	✓

Each of the Directors has attended the training which were related to connected transactions, 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, 2021.

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 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	1/1
Ms. Han Run	4/4	N/A	N/A	N/A	1/1	1/1
Ms. Huang Shuling	4/4	N/A	N/A	N/A	N/A	0/1
Non-executive Directors						
Mr. Hui Chi Kin Max	4/4	2/2	N/A	N/A	N/A	0/1
Mr. Stassi Anastas Anastassov	4/4	2/2	N/A	N/A	N/A	0/1
Mr. Mao Wei	4/4	2/2	N/A	N/A	N/A	0/1
Independent Non-executive Directors						
Dr. Wong Tin Yau Kelvin	4/4	2/2	3/3	1/1	N/A	1/1
Mr. Timothy Roberts Warner	4/4	2/2	3/3	N/A	1/1	0/1
Mr. Yang Xianxiang	4/4	2/2	3/3	1/1	1/1	0/1

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.

Strategy Committee

The Strategy Committee of the Company consists of seven members, including one executive Director, namely Mr. Wang Xuning, three non-executive Directors, namely Mr. Hui Chi Kin Max, Mr. Stassi Anastas Anastassov and Mr. Mao Wei, and three independent non-executive Directors, namely Dr. Wong Tin Yau Kelvin, Mr. Timothy Roberts Warner and Mr. Yang Xianxiang. Mr. Wang Xuning currently serves as the Chairman of the 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 discuss the Company's strategy.

Audit Committee

The Audit Committee of the Company consists of three members, including three independent non-executive Directors, namely Dr. Wong Tin Yau Kelvin, Mr. Timothy Roberts Warner and Mr. Yang Xianxiang. Dr. Wong Tin Yau Kelvin currently serves as the Chairman of the 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;
- 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.

Four 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, 2021 and has recommended the Board to re-appoint Ernst & Young as the auditor of the Company for the year ending December 31, 2022, 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, and two independent non-executive Directors, namely Dr. Wong Tin Yau Kelvin and Mr. Yang Xianxiang. Mr. Wang Xuning currently serves as the Chairman of the Nomination Committee. 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). In addition, the Nomination Committee and the Board shall have due regard to the Board Diversity Policy adopted by the Company.

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.

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, Singaporean and Swedish) and language skills, as well as a broad range of educational background (including degrees in engineering, economics, business administration, English literature and history) 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.

One Nomination Committee meetings was 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, consider the Director Nomination Policy and 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. Timothy Roberts Warner and Mr. Yang Xianxiang. Mr. Timothy Roberts Warner currently serves as the Chairman 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 either (i) determining, with delegated responsibility by the Board, the remuneration packages of individual executive Directors and Senior Management; or (ii) making recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management;

- making recommendations to the Board on the remuneration of non-executive Directors; and

- reviewing and approving the Senior Management's remuneration proposals with reference to the Board's corporate goals and objectives.

One Remuneration Committee meetings was held during the Reporting Period to consider the remuneration policy and structure, the remuneration plan of Directors and senior management and RSU related matters.

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, 2021:

Remuneration	Number of Individuals
HK$1,000,001 to HK$2,000,000 (equivalent to US$129,000 to US$257,000)	1
HK$6,000,001 to HK$7,000,000 (equivalent to US$773,001 to US$902,000)	1
HK$8,000,001 to HK$9,000,000 (equivalent to US$1,031,001 to US$1,160,000)	1
HK$37,000,001 to HK$38,000,000 (equivalent to US$4,772,001 to US$4,901,000)	1
HK$67,000,001 to HK$68,000,000 (equivalent to US$8,642,001 to US$8,771,000)	1
HK$157,000,001 to HK$158,000,000 (equivalent to US$20,252,001 to US$20,381,000)	1
	6

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix 16 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.

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.

COMPANY SECRETARY

Mr. Shan Minqi has been the company secretary of the Company since June 25, 2019. He has served as the director of investment department of Joyoung since March 2017, primarily responsible for domestic and foreign investment. Prior to joining the Group, he served as an assistant vice president in DBS Bank in Hong Kong and Singapore from April 2014 to March 2017 and as a staff accountant and senior accountant in Ernst & Young in Hong Kong from September 2008 to September 2011. Mr. Shan has been a member of the Hong Kong Institute of Certified Public Accountants since November 2011.

Mr. Shan received a Bachelor of Business Administration in accounting and finance from the University of Hong Kong in November 2008 and a Master of Business Administration from the Hong Kong University of Science and Technology in May 2013.

Mr. Shan confirmed that he took no less than 15 hours of relevant professional training during the year ended December 31, 2021 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, 2021 are analyzed below. The non-audit services mainly include professional services on tax filing and advisory services, as well as Environmental, Social and Governance Report review. The Audit Committee is satisfied that the non-audit services in 2021 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	1,905
Non-audit services	822
Total	2,727

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 2022.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems on an going basis and review their effectiveness consisting of policies, procedures and risk management methods that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive 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 programmes and budget of the Company's accounting, internal audit and financial reporting functions. Based on the findings and recommendations as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

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 reasonable 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.

Quality Control and Product Safety Internal Control

We are committed to maintaining 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 and finance department and staff management policies. We have various procedures in place 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 Company is committed to establishing high level risk management and internal control systems to safeguard the Company's interests and shareholders' investment. The Company has established robust, comprehensive and technology-driven risk management to effectively manage and mitigate risks inherent in the business to protect the Company, its clients and partners, as well as to meet regulatory obligations. The Board assumes the ultimate responsibility for the Company's risk management, internal control and compliance.

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 and an IP 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. 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 incoming employees.

In addition, we provide regular and 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.

Audit Committee Experience and Qualification and Board Oversight

We have established the Audit Committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the Audit Committee on issues identified. Our internal audit department members hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the Audit Committee to ensure that major issues identified thus are channeled to the Audit committee on a timely basis. The Audit Committee then discusses the issues and reports to the Board if necessary.

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 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.

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness. 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, 2021 and was of the opinion that the risk management and internal control system of the Group was adequate and effective.

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.

To promote effective communication, the Company publishes 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 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: Level 54, Hopewell Centre, 183 Queen's Road East, 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

There was no changes in constitutional documents of the Company during the Reporting Period.

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
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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 87 to 213, which comprise the consolidated statement of financial position as at December 31, 2021, 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 a summary of significant accounting policies.

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, 2021, 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

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 for the year ended December 31, 2021 amounted to US$5,151 million. There is a risk that revenue may be overstated because of fraud. Revenue as an important 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 good 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 *Summary of significant 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 understand 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 good 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.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill and intangible assets with indefinite useful lives	
Goodwill and trademarks recorded in other intangible assets with indefinite lives acquired through business combinations are allocated to the relevant cash-generating unit ("**CGU**") for impairment testing. As at December 31, 2021, the carrying amounts of goodwill and trademarks were US$849 million and US$384 million, respectively, with no impairment provided. The recoverable amount of the relevant CGU is determined based on a value in use calculation using cash flow projections based on financial budgets, and corroborated by the market approach. The assumptions and methodologies used by the Group, in particular, those assumptions relating to the budgeted gross margin, the growth rates and the discount rate have the most significant effect on the determination of the recoverable amount of the relevant CGU to which goodwill and trademarks are allocated. The Group's disclosures about impairment testing of goodwill and intangible assets with indefinite useful lives are included in note 2.4 *Summary of significant accounting policies*, note 3 *Significant accounting judgments and estimates*, note 18 *Goodwill* and note 19 *Other intangible assets* to the financial statements.	Our audit procedures included, but not limited, to the following: We assessed the historical accuracy of the prior year's assumptions and estimates made by management; We compared the cash flow forecasts to the approved budgets, obtained an understanding of the current and expected future developments of the CGU and assessed factors that might affect key assumptions on cash flow projections and discount rates; We evaluated the objectivity, independence, capabilities and competence of the external valuers engaged by the Group; We involved our internal valuation specialists to assist in evaluating methodologies used and certain key assumptions and estimates made by management and/or the external valuers, including, inter alia, the specific discount rate and long-term growth rate of the CGU for the assessment of value in use, with reference to relevant historical and market information; We evaluated management's assessment about reasonable possible changes in the relevant key assumptions and estimates; and We evaluated the adequacy of related disclosures in the financial statements.

Independent Auditor's Report

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.

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.

Independent Auditor's Report

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.

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 29, 2022

Consolidated Statement of Profit or Loss

For the year ended December 31, 2021

	Notes	2021 US$'000	2020 US$'000
REVENUE	5	**5,150,593**	4,195,816
Cost of sales		**(3,226,210)**	(2,453,030)
Gross profit		**1,924,383**	1,742,786
Other income and gains	6	**41,308**	71,220
Selling and distribution expenses		**(808,793)**	(695,517)
Administrative expenses		**(537,607)**	(487,349)
Impairment losses on financial assets		**(7,500)**	(12,602)
Other expenses		**(9,779)**	(11,111)
Finance costs	8	**(27,890)**	(80,493)
Share of profits and losses of associates	20	**713**	(159)
PROFIT BEFORE TAX	7	**574,835**	526,775
Income tax expense	11	**(114,133)**	(124,469)
PROFIT FOR THE YEAR		**460,702**	402,306
Attributable to:			
Owners of the parent		**420,499**	344,430
Non-controlling interests		**40,203**	57,876
		460,702	402,306
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
— Basic		**US12.4 cents**	US10.4 cents
— Diluted		**US12.3 cents**	US10.3 cents

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2021

	2021 US$'000	2020 US$'000
PROFIT FOR THE YEAR	**460,702**	402,306
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**16,071**	54,109
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**16,071**	54,109
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	**1,370**	608
Income tax effect	**(88)**	(188)
	1,282	420
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**1,282**	420
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**17,353**	54,529
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**478,055**	456,835
Attributable to:		
Owners of the parent	**432,358**	380,344
Non-controlling interests	**45,697**	76,491
	478,055	456,835

Consolidated Statement of Financial Position

As of December 31, 2021

	Notes	2021 US$'000	2020 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**205,840**	208,432
Investment properties	15	**19,997**	16,231
Prepaid land lease payments	16	**16,170**	16,212
Right-of-use assets	17	**78,641**	68,673
Goodwill	18	**849,296**	848,238
Other intangible assets	19	**588,369**	562,447
Investments in associates	20	**27,330**	26,688
Financial assets at fair value through profit or loss	21	**81,197**	73,719
Financial assets designated at fair value through other comprehensive income	21	**44,728**	40,023
Deferred tax assets	31	**77,073**	60,970
Other non-current assets	22	**41,095**	18,761
Total non-current assets		**2,029,736**	1,940,394
CURRENT ASSETS			
Inventories	23	**782,280**	575,497
Trade and bills receivables	24	**1,245,748**	1,203,531
Prepayments, other receivables and other assets	25	**84,964**	121,364
Financial assets at fair value through profit or loss	21	**82,068**	209,405
Pledged deposits	26	**28,558**	33,107
Cash and cash equivalents	26	**555,457**	570,810
Total current assets		**2,779,075**	2,713,714
CURRENT LIABILITIES			
Trade and bills payables	27	**879,078**	885,345
Other payables and accruals	28	**618,441**	642,638
Derivative financial instruments	29	**66**	—
Interest-bearing bank borrowings	30	**85,272**	46,571
Lease liabilities	17	**19,167**	15,272
Tax payable		**21,373**	28,033
Total current liabilities		**1,623,397**	1,617,859

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Consolidated Statement of Financial Position

As of December 31, 2021

	Notes	2021 US$'000	2020 US$'000
NET CURRENT ASSETS		**1,155,678**	1,095,855
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,185,414**	3,036,249
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	30	**856,874**	892,845
Lease liabilities	17	**68,174**	60,919
Deferred tax liabilities	31	**151,661**	146,651
Other non-current liabilities	32	**19,810**	15,467
Total non-current liabilities		**1,096,519**	1,115,882
Net assets		**2,088,895**	1,920,367
EQUITY			
Equity attributable to owners of the parent			
Issued capital	33	**34**	34
Treasury shares		**(2,956)**	—
Share premium		**1,064,487**	1,062,659
Capital reserve		**(27,266)**	69,538
Reserves	35	**825,798**	479,547
		1,860,097	1,611,778
Non-controlling interests		**228,798**	308,589
Total equity		**2,088,895**	1,920,367

Wang Xuning
Director

Han Run
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Attributable to owners of the parent											
	Issued capital US$'000 (note 33)	Treasury shares US$'000	Share premium US$'000	Capital reserve US$'000	Statutory reserve US$'000 (note 35)	Share award reserve US$'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, 2021	34	–	1,062,659	69,538	54,475	47,359	1,751	20,447	355,515	1,611,778	308,589	1,920,367
Profit for the year	–	–	–	–	–	–	–	–	420,499	420,499	40,203	460,702
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	11,000	–	11,000	5,071	16,071
Change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	859	–	–	859	423	1,282
Total comprehensive income for the year	–	–	–	–	–	–	859	11,000	420,499	432,358	45,697	478,055
Acquisition of non-controlling interests (b)	–	–	–	(97,002)	–	–	–	–	–	(97,002)	(85,654)	(182,656)
Equity-settled share award scheme	–	–	–	182	–	29,805	–	–	–	29,987	(580)	29,407
Cancelation of a subsidiary's shares	–	–	–	16	–	–	–	–	–	16	8	24
Settlement of share award scheme (c)	–	–	–	–	–	(37,355)	–	–	37,355	–	–	–
Dividends declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	(39,262)	(39,262)
Final dividend declared for 2020	–	–	–	–	–	–	–	–	(115,912)	(115,912)	–	(115,912)
Issue of restricted shares under share award scheme	–	–	1,828	–	–	–	–	–	–	1,828	–	1,828
Repurchase of shares for share award scheme	–	(2,956)	–	–	–	–	–	–	–	(2,956)	–	(2,956)
At December 31, 2021	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

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Attributable to owners of the parent										
	Issued capital US$'000 (note 33)	Share premium US$'000	Capital reserve US$'000	Statutory reserve US$'000 (note 35)	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, 2020	33	923,911	69,415	54,475	24,141	1,504	(15,220)	229,562	1,287,821	245,540	1,533,361
Profit for the year	–	–	–	–	–	–	–	344,430	344,430	57,876	402,306
Exchange differences on translation of foreign operations	–	–	–	–	–	–	35,667	–	35,667	18,442	54,109
Change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	247	–	–	247	173	420
Total comprehensive income for the year	–	–	–	–	–	247	35,667	344,430	380,344	76,491	456,835
Issue of shares (d)	1	138,222	–	–	–	–	–	–	138,223	–	138,223
Acquisition of a subsidiary (a)	–	–	–	–	–	–	–	–	–	12,000	12,000
Acquisition of non-controlling interests (b)	–	526	–	–	–	–	–	–	526	(4,066)	(3,540)
Equity-settled share award scheme	–	–	115	–	44,433	–	–	–	44,548	4,546	49,094
Cancelation of a subsidiary's shares	–	–	8	–	–	–	–	–	8	6	14
Settlement of share award scheme (c)	–	–	–	–	(21,215)	–	–	21,215	–	–	–
Dividends declared by subsidiaries	–	–	–	–	–	–	–	–	–	(25,928)	(25,928)
Final dividend declared for 2019	–	–	–	–	–	–	–	(239,692)	(239,692)	–	(239,692)
At December 31, 2020	34	1,062,659	69,538	54,475*	47,359*	1,751*	20,447*	355,515*	1,611,778	308,589	1,920,367

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

Notes:

* The reserve accounts comprise the consolidated reserves of US$825,798,000 (2020: US$479,547,000) in the consolidated statement of financial position.

(a) In April 2020, SharkNinja Venus Technology Company Limited ("**SharkNinja Venus**"), a subsidiary of the Company, accumulatively acquired a 59.71% interest in Qfeeltech (Beijing) Co., Ltd. ("**Qfeeltech**") from a third party and recognized non-controlling interests amounting to US$12,000,000.

(b) In June 2020, SharkNinja Venus acquired an additional 12.09% interest of the non-controlling interests from a third party at a consideration of US$3,540,000. In September 2021, SharkNinja Venus acquired an additional 12.09% interest of the non-controlling interests from a third party at a consideration of US$3,675,000.

On April 6, 2021, JS Global Trading HK Limited ("**JS Global Trading**"), a subsidiary of the Company, acquired a 16.25% interest in Shanghai Lihong Enterprises Management Co., Ltd. ("**Shanghai Lihong**") from a third party and recognized non-controlling interests amounting to US$178,981,000. Shanghai Lihong became a wholly-owned subsidiary of the Group.

(c) The share award reserve was transferred to retained profits upon the vesting of shares.

(d) In June 2020, vested shares in a subsidiary of the Company were canceled, and were exchanged to 5,481,600 shares of the Company with a nominal value of US$0.00001 each.

In October 2020, a total of 76,458,000 ordinary shares with a nominal value of US$0.00001 each were issued upon completion of the subscription to Easy Home Limited. The net proceeds received by the Company from the subscription were approximately US$138,223,000.

Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	Notes	2021 US$'000	2020 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**574,835**	526,775
Adjustments for:			
Finance costs	8	**27,890**	80,493
Share of profits and losses of associates	20	**(713)**	159
Interest income	6	**(8,084)**	(11,182)
Gain on disposal of items of property, plant and equipment	6	**(39)**	(36)
Gain on disposal of an investment property	6	**—**	(23,405)
(Gain)/loss on disposal of associates, net	6	**(1,097)**	939
Gain on financial assets at fair value through profit or loss, net	6	**(9,844)**	(23,238)
Depreciation of property, plant and equipment	7	**65,517**	62,507
Depreciation of investment properties	7	**2,448**	2,023
Depreciation of right-of-use assets	7	**21,431**	16,402
Amortization of prepaid land lease payments	7	**425**	398
Amortization of other intangible assets	7	**26,953**	23,588
Impairment of inventories	7	**11,366**	22,267
Impairment of trade receivables, net	7	**7,458**	11,385
Impairment of financial assets included in prepayments, other receivables and other assets	7	**42**	1,217
Equity-settled share award expense		**28,369**	38,015
Exchange losses	7	**6,324**	9,048
Increase in inventories		**(218,156)**	(204,114)
Increase in trade and bills receivables		**(49,674)**	(410,455)
(Increase)/decrease in prepayments, other receivables and other assets		**14,094**	(31,778)
Recognition of right-of-use assets		**(31,263)**	(27,465)
Recognition of lease liabilities		**31,263**	27,465
(Increase)/decrease in other non-current assets/liabilities		**(14,832)**	643
Increase/(decrease) in trade and bills payables		**(6,125)**	408,963
Increase/(decrease) in other payables and accruals		**(24,354)**	242,721
Increase in derivative financial liabilities		**66**	—
Cash generated from operations		**454,300**	743,335

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Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	Notes	2021 US$'000	2020 US$'000
Cash generated from operations		**454,300**	743,335
Interest received		**8,084**	11,182
Income tax paid		**(132,868)**	(101,568)
Net cash flows from operating activities		**329,516**	652,949
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(64,488)**	(62,858)
Prepayment for items of property, plant and equipment		**—**	(5,365)
Additions to other intangible assets	19	**(50,698)**	(15,698)
Purchases of investments in financial assets designated at fair value through other comprehensive income		**(3,258)**	(653)
Disposal of investments in associates		**1,789**	3,766
Purchases of financial assets at fair value through profit or loss		**(240,882)**	(651,110)
Dividends/interest received from financial assets at fair value through profit or loss		**557**	4,082
Proceeds from disposal of financial assets at fair value through profit or loss		**374,658**	486,851
Proceeds from disposal of property, plant and equipment, prepaid land lease payments, intangible assets other than goodwill		**149**	17,857
Proceeds from disposal of investment properties		**21,132**	—
Acquisition of a subsidiary	37	**(1,800)**	(16,860)
Acquisition of non-controlling interests		**(182,656)**	(3,540)
Decrease in pledged deposits		**4,549**	32,410
Net cash flows used in investing activities		**(140,948)**	(211,118)

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Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	Notes	2021 US$'000	2020 US$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**—**	138,223
Decrease in other payables and accruals		**—**	(13,672)
Payment of lease liabilities		**(23,709)**	(17,670)
Cancelation of a subsidiary's shares		**(2)**	(345)
New bank loans		**159,101**	1,210,379
Bills endorsed		**15,653**	164,489
Repayment of bank loans		**(160,000)**	(1,391,297)
Repayment of bills payable		**(15,796)**	(218,545)
Advance to related parties		**(2,099)**	(343)
Settlement of advance to related parties		**1,932**	1,376
Decrease in pledged deposits		**—**	114,913
Dividends paid		**(155,174)**	(265,416)
Interest paid		**(20,492)**	(38,935)
Issue of restricted shares under share award scheme		**1,828**	—
Repurchase of shares under share award scheme		**(2,956)**	—
Net cash flows used in financing activities		**(201,714)**	(316,843)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(13,146)**	124,988
Cash and cash equivalents at beginning of year		**570,810**	421,316
Effect of foreign exchange rate changes, net		**(2,207)**	24,506
CASH AND CASH EQUIVALENTS AT END OF YEAR		**555,457**	570,810
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	**504,713**	492,225
Non-pledged time deposit with original maturity of less than three months when acquired	26	**50,744**	78,585
		555,457	570,810

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 office of the Company is located at 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".
- Design, manufacture, marketing, export and distribution of small kitchen electrical appliances under the brand of "Joyoung".

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is JS Holding Limited Partnership ("**JS Holding**"), 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 Direct	Indirect	Principal activities
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	HK$1	—	100	Investment holding
JS Global Trading HK Limited ("**JS Global Trading**")	Hong Kong	HK$1	—	100	Investment holding
Shanghai Lihong Enterprises Management Co., Ltd.* ("上海力鴻企業管理有限公司") ("**Shanghai Lihong**")	PRC/Mainland China	RMB321.4 million	—	100	Enterprise management, retailing of home appliance products, import and export business
Hangzhou Yihao Enterprises Management Co., Ltd. ("杭州頤豪企業管理有限公司") ("**Hangzhou Yihao**")	PRC/Mainland China	—	—	100	Enterprise management, retailing of home appliance products, import and export business

Notes to Financial Statements

December 31, 2021

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 Operating LLC	United States	—	—	100	Research and development, sale of home appliance products
SharkNinja Management LLC	United States	—	—	100	Employment, and administrative services
SharkNinja Sales Company	United States	—	—	100	Retailing of home appliance products
SharkNinja (Hong Kong) Company Limited	Hong Kong	HK$1	—	100	Procurement, import and export business and equity investment
SharkNinja Venus Technology Company Limited	Hong Kong	HK$1	—	100	Investment holding
Shenzhen SharkNinja Technology Co., Ltd.* ("深圳尚科寧家科技有限公司")	PRC/Mainland China	RMB13.5 million	—	100	Manufacture and sale of home appliance products, marketing, supply chain management and consultancy
Suzhou SharkNinja Technology Co., Ltd.* ("蘇州尚科寧家科技有限公司")	PRC/Mainland China	US$1 million	—	100	Manufacture and supply chain management and consultancy
SharkNinja UK Ltd.	United Kingdom	—	—	100	Investment holding
SharkNinja EPE Ltd.	United Kingdom	—	—	100	Investment holding
Global Appliance UK HoldCo Limited	United Kingdom	GBP109	—	100	Investment holding
SharkNinja Global SPV, Limited ("**SharkNinja Global**")	Cayman Islands	US$50,000	51	49	Investment holding
SharkNinja Global SPV2 Limited	Cayman Islands	US$50,000	—	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 Direct	Indirect	Principal activities
Global Appliance LLC	United States	US$0.1	—	100	Investment holding
EP Midco LLC	United States	—	—	100	Investment holding
Euro-Pro International Holding Company	United States	—	—	100	Investment holding
SharkNinja Europe Ltd.	United Kingdom	GBP100	—	100	Sale of home appliance products
SharkNinja Co., Ltd.	Japan	JPY1 million	—	100	Sale of home appliance products
UK Euro-Pro Limited	United Kingdom	GBP100	—	100	Research and development services
Euro-Pro Hong Kong Limited	Hong Kong	HK$10,000	—	100	Investment holding and provision of consulting services
Zheng Hong Development Company Limited ("**Zheng Hong**")	Hong Kong	EUR41 million	—	100	Investment holding
Joyoung Co., Ltd.** ("九陽股份有限公司")	PRC/Mainland China	RMB767.02 million	—	67	Manufacture and sale of home appliance products, housing leasing, advertising and consultancy
Hangzhou Joyoung Household Electric Appliances Limited* ("杭州九陽小家電有限公司")	PRC/Mainland China	RMB976.3 million	—	67	Research and development, manufacture and sale of home appliance products, import and export business
Hangzhou Joyoung Life Electric Co., Limited* ("杭州九陽生活電器有限公司")	PRC/Mainland China	RMB3 million	—	67	Manufacture and sale of home appliance products
Hangzhou Joyoung Water Purification System Co., Limited* ("杭州九陽淨水系統有限公司")	PRC/Mainland China	RMB81 million	—	61	Research and development, manufacture and sale of water purification equipment, import and export business

Notes to Financial Statements

December 31, 2021

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
Hangzhou Joyoung Electronic Technology Co., Limited* ("杭州九陽電子信息技術有限公司")	PRC/Mainland China	RMB50 million	—	67	IT technology development, e-commerce, manufacture, wholesale and retailing of home appliance products
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 appliance products, marketing, supply chain management, consultancy and import and export business
Jinan Joyoung Wanjia Real Estate Co., Limited* ("濟南九陽萬家置業有限公司")	PRC/Mainland China	RMB5 million	—	67	Property management services, real estate development, conference and exhibition and consultancy
SharkNinja (China) Technology Co., Limited* ("尚科寧家（中國）科技有限公司")	PRC/Mainland China	RMB150 million	—	83	Sale, installation and maintenance of home appliance products, e-commerce, import and export business
Tonglu Joyoung Electronic Commerce Co., Limited* ("桐廬九陽電子商務有限公司")	PRC/Mainland China	RMB3 million	—	67	E-commerce, manufacture and sale of home appliance products
Qfeeltech (Beijing) Co., Limited* ("速感科技（北京）有限公司")	PRC/Mainland China	RMB2 million	—	84	Research and development of robotics technology, computer software and hardware technology development
SharkNinja Canada Co.	Canada	—	—	100	Employment, Administrative Services
SharkNinja France	France	EUR 15,000	—	100	Sale of home appliance products
SharkNinja Germany GmBH	Germany	EUR 25,000	—	100	Sale of home appliance products

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 Italy S.R.L	Italy	EUR 10,000	—	100	Sale of home appliance products
SharkNinja Australia PTY Limited	Australia	US$1	—	100	Sale of home appliance products
Hangzhou Jiuchuang Household Electrical Appliances Co., Ltd* ("杭州九創家電有限公司")	PRC/Mainland China	RMB48 million	—	67	Manufacture and sale of home appliance products
Lishui Jiuchuang Household Electrical Appliances Co., Ltd* ("麗水九創家電有限公司")	PRC/Mainland China	RMB5 million	—	67	Manufacture and sale of home appliance products
Zhuhai Hengqin Jiujiu Time Equity Investment Fund Partnership (L.P.) ("珠海横琴玖玖時光股權投資基金合夥企業（有限合夥）")	PRC/Mainland China	RMB100.01 million	—	66	Equity investment

* Registered as limited liability companies under PRC law.

** 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. The general meeting of shareholders of Joyoung Co., Ltd. is the highest authority of Joyoung Co., Ltd. Immediately before April 16, 2019, Joyoung Co., Ltd. was held by Shanghai Lihong as to 48.77%. The remaining shares of Joyoung Co., Ltd. were widely held, and no party had interest of sufficient size either by itself or in aggregate with a small number of others to vote against Shanghai Lihong in the general meeting of Joyoung Co., Ltd. As such, Shanghai Lihong was considered as having achieved control over Joyoung Co., Ltd. and its subsidiaries before April 16, 2019.

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, and 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, 2021. 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).

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.

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.

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform–Phase 2*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

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

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

2.2 Changes in accounting policies and disclosures (continued)

The Group had certain interest-bearing bank borrowings denominated in foreign currencies based on the United States dollars based on the London Interbank Offered Rate ("LIBOR") as at December 31, 2021. For the LIBOR-based borrowings, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this the above-mentioned practical expedient upon the modification of these borrowings when instruments provided that the "economically equivalent" criterion is met. Additional information about the transition and the associated risks is disclosed in note 30 to the financial statements.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after April 1, 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on January 1, 2021. However, the Group has not received COVID-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2.3 Issued but not yet effective international financial reporting standards

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Annual Improvements to IFRS standards 2018–2020	Amendments to IFRS 1, IFRS 9, and IAS 41[1]

[1] Effective for annual periods beginning on or after January 1, 2022

[2] Effective for annual periods beginning on or after January 1, 2023

[3] No mandatory effective date yet determined but available for adoption

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

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from January 1, 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after January 1, 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* 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 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

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. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. 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)

Amendments to IAS 12 narrow the scope of the initial recognition exception 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 recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS standards 2018–2020 sets out amendments to IFRS 1, IFRS 9, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

2.4 Summary of significant 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 is in a position to exercise 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.

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.

2.4 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

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.

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.

2.4 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

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.

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

2.4 Summary of significant accounting policies (continued)

Fair value measurement (continued)

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 an 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. 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, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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;

2.4 Summary of significant accounting policies (continued)

Related parties (continued)

or

(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 Summary of significant 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	2.6% to 4.5%
Leasehold improvements	Over the shorter of the lease terms and estimated useful life
Furniture and fixtures	7.5% to 50.0%
Machinery	6.0% to 33.3%
Motor vehicles	11.3% to 23.8%

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. Construction in progress 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 a right-of-use asset 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.

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.

2.4 Summary of significant accounting policies (continued)

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

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.

2.4 Summary of significant accounting policies (continued)

Intangible assets (other than goodwill) (continued)

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.

The patents included a wide range of portfolio of patents which covers and protects the design and utility for the technology that were applied in the SharkNinja Global and its subsidiaries (the "**SharkNinja Global**")'s products. 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 Summary of significant 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.

(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	2 to 12 years
Motor vehicles	2 to 5 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.

2.4 Summary of significant accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(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.

(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.

2.4 Summary of significant accounting policies (continued)

Leases (continued)

Group as a lessor (continued)

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.

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.

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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.

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

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.

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

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.

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 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 recognised 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.

2.4 Summary of significant accounting policies (continued)

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.

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).

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets (Continued)

General approach (continued)

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.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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 Summary of significant 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 (loans and borrowings)

After initial recognition, 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 Summary of significant 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 recognised 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 recognised 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 recognised asset or liability or an unrecognised 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 recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised 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 Summary of significant 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 recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised 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 recognised 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.

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.

2.4 Summary of significant accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Fair value hedges

The change in the fair value of a hedging instrument is recognised 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 recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation 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 derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised 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 recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

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.

2.4 Summary of significant accounting policies (continued)

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including current deposits, which are not restricted as to use.

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 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 recognized based on sales volume and past experience of the level of repairs and returns.

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.

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.

2.4 Summary of significant accounting policies (continued)

Income tax (continued)

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

- 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

- 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.

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.

2.4 Summary of significant accounting policies (continued)

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.

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.

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 good or service.

2.4 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(i) Variable consideration

(a) 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 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.

(b) 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.

(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.

2.4 Summary of significant accounting policies (continued)

Revenue recognition (continued)

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).

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 capitalised 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.

2.4 Summary of significant accounting policies (continued)

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.

Share-based payments

Some subsidiaries of the Company operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants 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 34 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.

2.4 Summary of significant accounting policies (continued)

Share-based payments (continued)

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. The dilutive effect of outstanding restricted shares is reflected as additional share dilution in the computation of earnings per share.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

PRC contribution plan

Pursuant to the relevant PRC laws and regulations, each of the PRC subsidiaries of the Group is required to participate in a retirement benefit scheme organized by the local municipal government whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to pay the ongoing required contributions. Contributions made to the defined contribution retirement benefit scheme are charged to profit or loss as incurred.

Defined contribution plan

Some subsidiaries of the Group maintain a defined contribution retirement plan under Section 401(k) of the United States Internal Revenue Code. The plan covers all United States full-time employees of the Group. An eligible employee may elect to make a before-tax contribution of 100% of his other compensation through payroll deductions with a dollar limit of US$19,500 and US$19,000 for the years ended December 31, 2020 and 2019, respectively. The Group matches the first 3% of participant contributions at 100% and the next 2% of contributions at 50%, for a maximum matching percentage of 4%.

Pension scheme

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.

2.4 Summary of significant accounting policies (continued)

Other employee benefits (continued)

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.

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.

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 Summary of significant 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 a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in 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 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)

Judgments (continued)

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

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, 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 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 expected value 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 rebates depends on the customer's historical rebate entitlement and accumulated purchases to date and the negotiated terms of the sales rebates programs.

The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value 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.

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 the different promotion programs.

3. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

Variable consideration for returns, sales rebates and consideration payable to a customer (continued)

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, 2021 was US$266,364,000 (2020: US$240,059,000) 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 as at December 31, 2021 was US$849,296,000 (2020: US$848,238,000) and the carrying amount of intangible assets with indefinite useful lives as at December 31, 2021 was US$385,968,000 (2020: US$384,044,000). Further details are given in notes 18 and 19 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, 2021 was US$2,048,000 (2020: US$1,573,000). The amount of unrecognized tax losses at December 31, 2021 was US$74,914,000 (2020: US$55,395,000).

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, 2021 was US$207,992,000 (2020: US$323,145,000). Further details are included in note 21 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 determined by an external valuer using the discounted cash flow method and guideline company method, which involve estimating performance conditions, service conditions and leaver rate as detailed in note 34 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)

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, 2021, the best estimate of the carrying amount of capitalized development costs was US$58,024,000 (2020: US$39,979,000).

4. Operating segment information

For management purposes, the Group is organized into business units based on its operations and has two reportable operating segments of SharkNinja and Joyoung.

(a) the SharkNinja segment was involved in the design, marketing, manufacture, export, import and distribution of a full range of floor care products, hard-surface steam cleaning products and small kitchen appliances; and

(b) the Joyoung segment was involved in the design, manufacture, marketing, export and distribution of small kitchen electrical appliances.

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. The adjusted profit before tax is measured consistently with the Group's profit before tax 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, 2021	Joyoung US$'000	SharkNinja US$'000	Total US$'000
Segment revenue			
Sales to external customers	1,435,745	3,714,848	5,150,593
Intersegment sales	183,275	12,143	195,418
	1,619,020	3,726,991	5,346,011
Reconciliation:			
Elimination of intersegment sales			(195,418)
Revenue (note 5)			5,150,593
Segment results	124,214	507,151	631,365
Reconciliation:			
Interest income			2,465
Exchange losses			(668)
Unallocated income			556
Finance costs			(24,281)
Corporate and other unallocated expenses			(34,602)
Profit before tax			574,835
Other segment information			
Share of profits and losses of associates	713	—	713
Impairment/(reversal of impairment) of inventories and financial assets recognized in profit or loss	(197)	19,063	18,866
Depreciation and amortization	19,022	97,752	116,774
Interest income	5,437	182	5,619
Finance costs	516	3,093	3,609
Investments in associates	27,330	—	27,330
Capital expenditure*	24,689	122,970	147,659

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4. Operating segment information (continued)

Year ended December 31, 2020	Joyoung US$'000	SharkNinja US$'000	Total US$'000
Segment revenue			
Sales to external customers	1,463,147	2,732,669	4,195,816
Intersegment sales	108,258	20,496	128,754
	1,571,405	2,753,165	4,324,570
Reconciliation:			
Elimination of intersegment sales			(128,754)
Revenue (note 5)			4,195,816
Segment results	154,788	487,216	642,004
Reconciliation:			
Interest income			4,301
Exchange losses			(6,269)
Unallocated income			3,711
Finance costs			(74,912)
Corporate and other unallocated expenses			(42,060)
Profit before tax			526,775
Other segment information			
Share of profits and losses of associates	159	—	159
Impairment of inventories and financial assets recognized in profit or loss	3,114	31,755	34,869
Depreciation and amortization	15,293	89,625	104,918
Interest income	4,336	2,545	6,881
Finance costs	2,684	2,897	5,581
Investments in associates	26,688	—	26,688
Capital expenditure*	8,949	120,797	129,746

* 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 from external customers

	2021 US$'000	2020 US$'000
North America	**2,964,033**	2,209,960
Mainland China	**1,398,210**	1,438,520
Europe	**616,765**	451,272
Other countries/regions	**171,585**	96,064
	5,150,593	4,195,816

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2021 US$'000	2020 US$'000
North America	**717,080**	693,162
Mainland China	**177,838**	168,400
Europe	**7,611**	5,281
Other countries/regions	**6,488**	5,152
	909,017	871,995

The non-current asset 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.

Information about major customers

The major customers which contributed more than 10% of total revenue of the Group for the years ended December 31, 2021 and 2020 are listed below:

	2021 %	2020 %
Customer A	**11.6**	10.9
Customer B	**11.1**	9.5

All the revenues derived from other single external customers were less than 10% of the Group's total revenues for the years ended December 31, 2021 and 2020.

5. Revenue

An analysis of revenue is as follows:

	2021 US$'000	2020 US$'000
Revenue from contracts with customers		
Sale of goods and provision of extended warranties	**5,150,593**	4,195,816

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021 US$'000	2020 US$'000
Geographical markets		
North America	**2,964,033**	2,209,960
Mainland China	**1,398,210**	1,438,520
Europe	**616,765**	451,272
Other countries/regions	**171,585**	96,064
Total revenue from contracts with customers	**5,150,593**	4,195,816

	2021 US$'000	2020 US$'000
Timing of revenue recognition		
Goods transferred at a point in time	**5,148,735**	4,195,269
Services transferred over time	**1,858**	547
Total revenue from contracts with customers	**5,150,593**	4,195,816

5. Revenue (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021 US$'000	2020 US$'000
Sale of goods and provision of extended warranties	**81,394**	53,386

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of home appliance products

The performance obligation is satisfied upon delivery of the home appliance products and payment is generally due within 30 to 60 days from delivery. Some contracts provide customers with a right of return, sales rebates and extended warranties which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2021 US$'000	2020 US$'000
Amounts expected to be recognized as revenue:		
Within one year	**28,060**	81,394
More than one year	**2,575**	2,267
	30,635	83,661

6. Other income and gains

	2021 US$'000	2020 US$'000
Other income		
Bank interest income	**8,084**	11,182
Net rental income from investment property operating leases	**1,382**	1,738
Government grants	**13,172**	8,726
Others	**3,305**	1,124
	25,943	22,770
Gains		
Gain on disposal of items of property, plant and equipment	**39**	36
Gain on disposal of an investment property	**—**	23,405
Gain on financial assets at fair value through profit or loss, net	**9,844**	23,238
Gain/(loss) on disposal of associates, net	**1,097**	(939)
Others	**4,385**	2,710
	15,365	48,450
	41,308	71,220

7. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2021 US$'000	2020 US$'000
Cost of inventories sold		**3,226,210**	2,453,030
Depreciation of property, plant and equipment	14	**65,517**	62,507
Depreciation of investment properties	15	**2,448**	2,023
Depreciation of right-of-use assets	17	**21,431**	16,402
Amortization of prepaid land lease payments	16	**425**	398
Amortization of other intangible assets (excluding capitalized development costs)*	19	**21,911**	21,353
Research and development costs:			
Amortization of capitalized development costs	19	**5,042**	2,235
Current year expenditure		**214,418**	161,031
		219,460	163,266
Lease payments not included in the measurement of lease liabilities		**11,703**	2,454
Auditor's remuneration		**1,905**	1,733
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**347,577**	303,662
Equity-settled share award expense		**21,495**	20,086
Pension scheme contributions**		**10,848**	7,922
		379,920	331,670
Foreign exchange differences, net		**6,324**	9,048
Impairment of inventories	23	**11,366**	22,267
Impairment of financial assets, net:			
Impairment of trade receivables, net	24	**7,458**	11,385
Impairment of financial assets included in prepayments, other receivables and other assets		**42**	1,217
		7,500	12,602

7. Profit before tax (continued)

The Group's profit before tax is arrived at after charging/(crediting): (continued)

	Notes	2021 US$'000	2020 US$'000
Product warranty provision:			
Additional provision		**20,171**	24,061
Gain on disposal of items of property, plant and equipment		**(39)**	(36)
Gain on disposal of an investment property		**—**	(23,405)
Gain on financial assets at fair value through profit or loss, net		**(9,844)**	(23,238)
(Gain)/loss on disposal of associates, net		**(1,097)**	939
Government grants***		**(13,172)**	(8,726)

Notes:

* The amortization of patents, retailer relationship and 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 Mainland China. Government grants received for which related expenditure has not yet been undertaken are recognized as deferred income and included in other payables in the statement of financial position.

8. Finance costs

An analysis of finance costs is as follows:

	2021 US$'000	2020 US$'000
Interest on bank loans	**20,038**	36,528
Interest on lease liabilities	**3,452**	3,174
Amortization of deferred finance costs	**3,629**	34,347
Other finance costs	**771**	6,444
	27,890	80,493

9. Directors' and chief executive's remuneration

Mr. Wang Xuning was appointed as an executive director of the Company in July 2018 and the chief executive officer of the Company in June 2019. Ms. Han Run and Ms. Huang Shuling were appointed as executive directors of the Company in June 2019. Mr. Hui Chi Kin Max and Mr. Stassi Anastas Anastassov were appointed as non-executive directors of the Company in June 2019. Mr. Mao Wei was appointed as non-executive director of the Company in August 2020. Dr. Wong Tin Yau Kelvin, Mr. Timothy Roberts Warner and Mr. Yang Xianxiang were appointed as independent non-executive directors of the Company in October 2019.

Directors' and chief executive's 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:

	2021 US$'000	2020 US$'000
Fees	**169**	169
Salaries, allowances and benefits in kind	**2,826**	2,310
Performance-related bonuses*	**4,276**	3,936
Pension scheme contributions	**10**	6
Share award expenses**	**6,874**	17,929
	14,155	24,350

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 34 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' and chief executive's remuneration disclosures.

9. Directors' and chief executive's remuneration (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2021 US$'000	2020 US$'000
Dr. Wong Tin Yau Kelvin	**52**	52
Mr. Timothy Roberts Warner	**39**	39
Mr. Yang Xianxiang	**39**	39
	130	130

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

(b) Executive directors, non-executive directors and the chief executive

2021

	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	—	1,930	1,287	2	5,499	8,718
Ms. Han Run	—	705	2,781	8	1,375	4,869
Ms. Huang Shuling	—	191	208	—	—	399
	—	2,826	4,276	10	6,874	13,986
Non-executive directors						
Mr. Hui Chi Kin Max	—	—	—	—	—	—
Mr. Mao Wei	—	—	—	—	—	—
Mr. Stassi Anastas Anastassov	39	—	—	—	—	39
	39	—	—	—	—	39
	39	2,826	4,276	10	6,874	14,025

9. Directors' and chief executive's remuneration (continued)

(b) Executive directors, non-executive directors and the chief executive (continued)

2020

	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	—	1,662	2,249	3	14,343	18,257
Ms. Han Run	—	441	1,463	3	3,586	5,493
Ms. Huang Shuling	—	207	224	—	—	431
	—	2,310	3,936	6	17,929	24,181
Non-executive directors						
Mr. Hui Chi Kin Max	—	—	—	—	—	—
Mr. Mao Wei	—	—	—	—	—	—
Mr. Stassi Anastas Anastassov	39	—	—	—	—	39
	39	—	—	—	—	39
	39	2,310	3,936	6	17,929	24,220

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

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10. Five highest paid employees

The five highest paid employees during the year included two (2020: two) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year for the remaining three (2020: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 US$'000	2020 US$'000
Salaries, allowances and benefits in kind	**2,914**	2,031
Performance-related bonuses	**5,613**	5,672
Pension scheme contributions	**29**	20
Share award expenses	**16,639**	14,625
	25,195	22,348

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	
	2021	2020
HK$13,000,001 to HK$14,000,000 (equivalent to US$1,676,001 to US$1,805,000)	**1**	—
HK$24,000,001 to HK$25,000,000 (equivalent to US$3,095,001 to US$3,224,000)	**1**	—
HK$32,000,001 to HK$33,000,000 (equivalent to US$4,127,001 to US$4,256,000)	**—**	1
HK$34,000,001 to HK$35,000,000 (equivalent to US$4,385,001 to US$4,514,000)	**—**	1
HK$106,000,001 to HK$107,000,000 (equivalent to US$13,673,001 to US$13,802,000)	**—**	1
HK$157,000,001 to HK$158,000,000 (equivalent to US$20,252,001 to US$20,381,000)	**1**	—
	3	3

10. Five highest paid employees (continued)

Share awards were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 34 to the financial statements. 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.

11. Income tax

	2021 US$'000	2020 US$'000
Current income tax charge/(credit):		
In Mainland China	**12,853**	13,046
In the United States	**88,489**	86,562
In Hong Kong	**17,769**	14,999
In the United Kingdom	**4,550**	828
Elsewhere	**2,184**	464
Deferred income tax (note 31):		
In Mainland China	**2,681**	18,125
In the United States	**(7,145)**	(9,042)
In the United Kingdom	**(7,248)**	(513)
Total tax charge for the year	**114,133**	124,469

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% (2020: 25%) on their respective taxable income. During the year, five (2020: five) of the Group's entities obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates.

11. Income tax (continued)

The US income tax includes (a) federal income tax calculated at a fixed rate of 21% (2020: 21%) for the year ended December 31, 2021 on the estimated US federal taxable income and (b) state income tax calculated at various state income tax rates on the estimated state taxable income for the respective states.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 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:

2021

	Mainland China US$'000	%	The United States US$'000	%	Hong Kong US$'000	%	The United Kingdom US$'000	%	Others US$'000	%	Total US$'000	%
Profit/(loss) before tax	121,891		391,377		96,415		(15,976)		(18,872)		574,835	
Tax at the statutory tax rates	30,413	25.0	82,189	21.0	15,995	16.5	(3,035)	19.0	640	(3.4)	126,202	22.0
(Lower)/higher tax charges for specific provinces or enacted by local authority	(11,364)	(9.3)	10,908	2.8	—	—	—	—	277	(1.5)	(179)	—
Effect of withholding tax on the distributable profits of Group's PRC subsidiaries	2,308	1.9	—	—	—	—	—	—	—	—	2,308	0.4
Effect on opening deferred tax of decrease in tax rates	(1,566)	(1.3)	—	—	—	—	1,489	(9.3)	—	—	(77)	—
Adjustments in respect of current tax of prior years	380	0.3	(772)	(0.2)	405	0.4	—	—	1,050	(5.6)	1,063	0.2
Expenses not deductible for tax	368	0.3	—	—	620	0.7	—	—	217	(1.1)	1,205	0.2
Income not subject to tax	(115)	(0.1)	(6,305)	(1.6)	—	—	(489)	3.1	—	—	(6,909)	(1.2)
Profits and losses attributable to associates	(278)	(0.2)	—	—	—	—	—	—	—	—	(278)	(0.1)
Super deduction on research and development costs	(8,357)	(6.9)	(4,676)	(1.2)	—	—	(663)	4.1	—	—	(13,696)	(2.4)
Tax losses not recognized	3,745	3.1	—	—	749	0.8	—	—	—	—	4,494	0.8
Tax charge/(credit) at the Group's effective tax rate	15,534	12.8	81,344	20.8	17,769	18.4	(2,698)	16.9	2,184	(11.6)	114,133	19.9

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11. Income tax (continued)

2020

	Mainland China US$'000	%	The United States US$'000	%	Hong Kong US$'000	%	The United Kingdom US$'000	%	Others US$'000	%	Total US$'000	%
Profit/(loss) before tax	161,085		348,073		63,747		1,799		(47,929)		526,775	
Tax at the statutory tax rates	40,272	25.0	73,095	21.0	10,518	16.5	342	19.0	540	(1.1)	124,767	23.7
(Lower)/higher tax charges for specific provinces or enacted by local authority	(12,352)	(7.7)	13,014	3.7	–	–	–	–	242	(0.5)	904	0.2
Effect of withholding tax on the distributable profits of Group's PRC subsidiaries	9,449	5.9	–	–	–	–	–	–	–	–	9,449	1.8
Effect on opening deferred tax of decrease in tax rates	251	0.2	–	–	–	–	372	20.7	–	–	623	0.1
Adjustments in respect of current tax of prior years	(654)	(0.4)	–	–	–	–	–	–	–	–	(654)	(0.1)
Expenses not deductible for tax	380	0.2	–	–	4,038	6.3	1	0.1	(21)	–	4,398	0.8
Income not subject to tax	(121)	(0.1)	(4,696)	(1.3)	–	–	–	–	(297)	0.6	(5,114)	(1.0)
Profits and losses attributable to associates	(40)	–	–	–	–	–	–	–	–	–	(40)	–
Super deduction on research and development costs	(6,399)	(4.0)	(3,893)	(1.1)	–	–	(400)	(22.3)	–	–	(10,692)	(2.0)
Tax losses utilized from previous years	(1,630)	(1.0)	–	–	–	–	–	–	–	–	(1,630)	(0.3)
Tax losses not recognized	2,015	1.3	–	–	443	0.7	–	–	–	–	2,458	0.4
Tax charge/(credit) at the Group's effective tax rate	31,171	19.4	77,520	22.3	14,999	23.5	315	17.5	464	(1.0)	124,469	23.6

The share of tax credit attributable to associates amounting to US$278,000 (2020: US$40,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

12. Dividends

	2021 US$'000	2020 US$'000
Proposed final — HK$0.4098 (equivalent to US$0.0527) (2020: HK$0.2661 (equivalent to US$0.0343)) per ordinary share	**184,254**	120,000
	184,254	120,000

The proposed final dividend for the year were approved by the board of directors of the Company on March 29, 2022.

13. 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 3,402,181,000 (2020: 3,305,567,000) shares 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 Joyoung Co., Ltd., a subsidiary 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.

13. Earnings per share attributable to ordinary equity holders of the parent (continued)

The calculations of basic and diluted earnings per share are based on:

	2021 US$'000	2020 US$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**420,499**	344,430
Effect of dilution — impact arising from the share award scheme of Joyoung Co., Ltd.	**—**	(185)
	420,499	344,245

	Number of shares 2021 '000	Number of shares 2020 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,402,181**	3,305,567
Effect of dilution — weighted average number of ordinary shares:		
Share award scheme	**18,696**	45,345
	3,420,877	3,350,912

14. 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, 2021							
At January 1, 2021:							
Cost	125,513	24,732	126,591	183,641	4,316	7,466	472,259
Accumulated depreciation	(37,541)	(12,168)	(81,662)	(128,850)	(3,606)	—	(263,827)
Net carrying amount	87,972	12,564	44,929	54,791	710	7,466	208,432
At January 1, 2021, net of accumulated depreciation	87,972	12,564	44,929	54,791	710	7,466	208,432
Additions	21	705	30,243	2,717	487	31,879	66,052
Transfer from construction in progress	—	792	851	15,982	—	(17,625)	—
Disposals	—	—	(36)	(19)	(55)	—	(110)
Transfer to investment properties	(5,210)	—	—	—	—	—	(5,210)
Depreciation provided during the year	(5,700)	(3,769)	(29,790)	(25,821)	(437)	—	(65,517)
Exchange realignment	1,978	(264)	483	(59)	14	41	2,193
At December 31, 2021, net of accumulated depreciation	79,061	10,028	46,680	47,591	719	21,761	205,840
At December 31, 2021:							
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

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December 31, 2021

14. 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, 2020							
At January 1, 2020:							
Cost	121,036	27,881	96,918	154,952	4,405	9,134	414,326
Accumulated depreciation	(30,265)	(12,028)	(59,476)	(102,886)	(3,054)	—	(207,709)
Net carrying amount	90,771	15,853	37,442	52,066	1,351	9,134	206,617
At January 1, 2020, net of accumulated depreciation	90,771	15,853	37,442	52,066	1,351	9,134	206,617
Additions	2,412	363	32,002	4,288	14	25,986	65,065
Transfer from construction in progress	—	231	128	27,542	—	(27,901)	—
Acquisition of a subsidiary	—	—	—	98	—	—	98
Disposals	—	(526)	(628)	(534)	(89)	—	(1,777)
Transfer to investment properties	(5,114)	—	—	—	—	—	(5,114)
Depreciation provided during the year	(5,567)	(3,391)	(24,111)	(28,815)	(623)	—	(62,507)
Exchange realignment	5,470	34	96	146	57	247	6,050
At December 31, 2020, net of accumulated depreciation	87,972	12,564	44,929	54,791	710	7,466	208,432
At December 31, 2020:							
Cost	125,513	24,732	126,591	183,641	4,316	7,466	472,259
Accumulated depreciation	(37,541)	(12,168)	(81,662)	(128,850)	(3,606)	—	(263,827)
Net carrying amount	87,972	12,564	44,929	54,791	710	7,466	208,432

At the end of the reporting period, the Group has contracted US$13,285,000 to purchase property, plant and equipment but not paid.

15. Investment properties

	2021 US$'000	2020 US$'000
At the beginning of the year		
Cost	**34,140**	50,040
Accumulated depreciation	**(17,909)**	(24,252)
Net carrying amount	**16,231**	25,788
Net carrying amount at the beginning of the year	**16,231**	25,788
Depreciation provided during the year	**(2,448)**	(2,023)
Transferred from property, plant and equipment	**5,210**	5,114
Disposal of investment property	**—**	(13,771)
Exchange realignment	**1,004**	1,123
Net carrying amount at the end of the year	**19,997**	16,231

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 17 to the financial statements.

The fair value of investment properties as at December 31, 2021 was US$64 million (2020: US$49 million).

16. Prepaid land lease payments

	2021 US$'000	2020 US$'000
Carrying amount at the beginning of the year	**16,632**	15,982
Recognized in profit or loss during the year	**(425)**	(398)
Exchange realignment	**393**	1,048
Carrying amount at the end of the year	**16,600**	16,632
Current portion included in prepayments, other receivables and other assets	**(430)**	(420)
Non-current portion of carrying amount at the end of the year	**16,170**	16,212

17. 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 16 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 1 January 2020	55,807	888	56,695
Additions	27,465	—	27,465
Depreciation provided during the year	(15,771)	(631)	(16,402)
Exchange realignment	874	41	915
As at 31 December 2020 and 1 January 2021	68,375	298	68,673
Additions	31,263	—	31,263
Depreciation provided during the year	(21,180)	(251)	(21,431)
Exchange realignment	150	(14)	136
As at 31 December 2021	78,608	33	78,641

17. 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:

	2021 US$'000	2020 US$'000
Carrying amount at 1 January	**76,191**	62,227
New leases	**31,263**	27,465
Interest expense during the year	**3,452**	3,174
Payment during the year	**(23,709)**	(17,670)
Exchange realignment	**144**	995
Carrying amount at 31 December	**87,341**	76,191
Analyzed into:		
Within one year	**19,167**	15,272
In the second year	**16,719**	11,921
In the third to fifth years, inclusive	**26,017**	24,952
Beyond five years	**25,438**	24,046
At the end of the year	**87,341**	76,191

The maturity analysis of lease liabilities is disclosed in note 43 to the financial statements.

17. Leases (continued)

The Group as a lessee (continued)

(b) Lease liabilities (continued)

The amounts recognized in profit or loss in relation to leases are as follows:

	2021 US$'000	2020 US$'000
Interest on lease liabilities	**3,452**	3,174
Depreciation charge of right-of-use assets	**21,431**	16,402
Expense relating to short-term leases (included in selling and distribution expenses and administrative expenses)	**11,677**	2,443
Expense relating to leases of low-value assets (included in selling and distribution expenses and administrative expenses)	**26**	11
Total amount recognized in profit or loss	**36,586**	22,030

The Group as a lessor

The Group leases its investment properties (note 15) consisting of four commercial properties and three industrial properties in Mainland China 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$2,688,000 (2020: US$3,507,000).

At December 31, 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021 US$'000	2020 US$'000
Within one year	**3,223**	2,439
After one year but within two years	**2,251**	2,313
After two years but within three years	**1,508**	2,074
After three years but within four years	**41**	1,625
After four years but within five years	**—**	39
	7,023	8,490

18. Goodwill

	2021 US$'000	2020 US$'000
Goodwill at January 1	**848,238**	839,767
Acquisition of a subsidiary (note 37)	**830**	8,471
Exchange realignment	**228**	—
Less: provision for impairment	**—**	—
Goodwill at December 31	**849,296**	848,238

Impairment testing of goodwill and indefinite life intangible assets

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, 2021. 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, 2021, and corroborated by the market approach. The discount rate applied to the cash flow projections is 16% (2020: 11%). The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2.5% (2020: 3%).

Assumptions were used in the value in use calculation of the SharkNinja Global CGU at December 31, 2021. 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 markets in North America, Europe, Asia and other markets.

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.

18. Goodwill (continued)

Impairment testing of goodwill and indefinite life intangible assets (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 test on the SharkNinja Global CGU, the estimated recoverable amount of the SharkNinja Global CGU exceeded its carrying amount by US$3,549 million (2020: US$3,918 million) as at December 31, 2021.

Sensitivity to changes in assumptions

The Company has performed the sensitivity analysis on key assumptions used in the impairment test. Had the estimated key assumptions been changed as follows, the headroom would be increased/(decreased) by:

	2021 US$'000	2020 US$'000
Five-year period growth rate increased by 5%	**212,593**	171,593
Five-year period growth rate decreased by 5%	**(207,190)**	(153,208)
Discount rate decreased by 5%	**395,424**	461,184
Discount rate increased by 5%	**(349,814)**	(390,141)

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.

19. 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, 2021									
At January 1, 2021:									
Cost	384,044	43,999	143,083	40,060	5,185	21,420	4,806	—	642,597
Accumulated amortization	—	(20,169)	(51,069)	(5,266)	—	(1,339)	(2,307)	—	(80,150)
Net carrying amount	384,044	23,830	92,014	34,794	5,185	20,081	2,499	—	562,447
Cost at January 1, 2021, net of accumulated amortization	384,044	23,830	92,014	34,794	5,185	20,081	2,499	—	562,447
Acquisition of a subsidiary	—	—	—	1,570		—	—	—	1,570
Additions	—	5,069	—	—	21,517	—	22,188	1,924	50,698
Transfers	—	—	—	18,031	(18,031)	—	—	—	—
Amortization provided during the year	—	(3,690)	(15,898)	(5,042)	—	(1,763)	(560)	—	(26,953)
Disposal	—	—	—	—	—	—	(1)	—	(1)
Exchange realignment	—	—	—	—	—	555	53	—	608
At December 31, 2021	384,044	25,209	76,116	49,353	8,671	18,873	24,179	1,924	588,369
At December 31, 2021:									
Cost	384,044	49,068	143,083	59,661	8,671	21,997	27,092	1,924	695,540
Accumulated amortization and impairment	—	(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

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19. 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$'000	Total US$'000
December 31, 2020								
At January 1, 2020:								
Cost	384,044	43,553	143,083	24,272	6,455	—	3,411	604,818
Accumulated amortization	—	(16,034)	(35,171)	(3,031)	—	—	(1,752)	(55,988)
Net carrying amount	384,044	27,519	107,912	21,241	6,455	—	1,659	548,830
Cost at January 1, 2020, net of accumulated amortization	384,044	27,519	107,912	21,241	6,455	—	1,659	548,830
Acquisition of a subsidiary	—	—	—	—	—	21,420	—	21,420
Additions	—	—	—	400	14,118	—	1,180	15,698
Transfers	—	—	—	15,388	(15,388)	—	—	—
Amortization provided during the year	—	(3,689)	(15,898)	(2,235)	—	(1,339)	(427)	(23,588)
Exchange realignment	—	—	—	—	—	—	87	87
At December 31, 2020	384,044	23,830	92,014	34,794	5,185	20,081	2,499	562,447
At December 31, 2020:								
Cost	384,044	43,999	143,083	40,060	5,185	21,420	4,806	642,597
Accumulated amortization and impairment	—	(20,169)	(51,069)	(5,266)	—	(1,339)	(2,307)	(80,150)
Net carrying amount	384,044	23,830	92,014	34,794	5,185	20,081	2,499	562,447

At the end of the reporting period, the Group has contracted US$2,127,000 for other intangible assets but not paid.

* Trademarks are not amortized due to indefinite useful lives and are allocated to the Group's SharkNinja Global CGU. Refer to note 18 for the impairment testing and sensitivity analysis of the trademarks with indefinite useful lives. No provision is made for impairment of trademarks after being tested for impairment of the SharkNinja Global CGU as at the end of 2021.

** Certain intangible assets with indefinite useful life amounting to US$1,924,000 has been acquired by the Group in the current year. It is tested for impairment individually on an annual basis and is not amortized. The useful life is reviewed annually to determine whether it continues to be indefinite and supportable with market fair value.

19. Other intangible assets (continued)

Impairment testing of capitalized development costs not yet available for use

The Group performs individual impairment testing of capitalized development costs not yet available for use annually and whenever there is an impairment indicator.

The recoverable amount of the capitalized development costs not yet available for use 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 as at December 31, 2021. The discount rate applied to the cash flow projections is 22.8% (2020: 17.8%).

Assumptions were used in the value in use calculation of the capitalized development costs not yet available for use. The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of the capitalized development costs not yet available for use:

Revenue growth — The bases used to determine the future earnings are projected future cash flows of product sales and expected growth rates of products with similar features and life cycles in the markets.

Budgeted gross margins — The basis to determine the value assigned to the budgeted gross margins is the historical margins based on similar products with similar features and life cycles adjusted for expected market conditions.

Discount rate — The discount rate used is before tax and reflects specific risks relating to assets.

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 of the capitalized development costs not yet available for use exceeded the carrying amount by US$91,481,000 as at December 31, 2021 (2020: US$40,529,000).

Sensitivity to changes in assumptions

The Company has performed the sensitivity analysis on key assumptions used in the impairment testing. Had the estimated key assumption — discount rate been increased by 0.5% from 22.8% to 23.3% (2020: 17.8% to 18.3%), the headroom would be decreased by US$1,132,000 (2020: US$1,403,000).

With regard to the assessment of the value in use of the capitalized development costs not yet available for use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the capitalized development costs not yet available for use to exceed the recoverable amount.

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20. Investments in associates

	2021 US$'000	2020 US$'000
Share of net assets	**22,604**	21,477
Goodwill on acquisition	**4,726**	5,211
	27,330	26,688

The Group's trade receivable and payable balances with the associates are disclosed in notes 24 and 27, 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 an associate because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The unrecognized share of losses of the associate was US$43,000 for the year ended December 31, 2021 (2020: US$4,000), and the cumulative unrecognized share of losses was US$54,000 as at December 31, 2021 (2020: US$11,000).

The following table illustrates the aggregate financial information of the Group's associates:

	2021 US$'000	2020 US$'000
Share of the associates' profits and losses for the year	**713**	(159)
Share of the associates' total comprehensive income	**713**	(159)
Aggregate carrying amount of the Group's investments in associates	**27,330**	26,688

21. 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:

	2021 US$'000	2020 US$'000
Financial assets, at fair value through profit or loss:		
Current — stock (a)	**1**	2
Current — financial products (a)	**82,067**	209,403
Non-current — unlisted equity investments (a)	**81,197**	73,719
	163,265	283,124
Unlisted financial assets, at fair value through other comprehensive income:		
Non-current — unlisted equity investments (b)	**44,728**	40,023
	207,993	323,147

Notes:

(a) 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 current investments in financial products were products issued by banks in Mainland China. The current investments in stocks as at December 31, 2021 were stocks listed on the Shenzhen Stock Exchange. 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 investments were measured at fair value through profit or loss, with a corresponding gain on change in fair value of US$9,844,000 (2020: US$23,238,000), credited to other income and gains in the consolidated statement of profit or loss.

(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 gain (net of tax) amounting to US$1,282,000 (2020: US$420,000), recorded in other comprehensive income.

22. Other non-current assets

	2021 US$'000	2020 US$'000
Long-term portion of insurance receivable	**7,294**	5,453
Rental deposits	**2,653**	1,554
Long-term prepayments for purchase of properties	**10,200**	9,964
Receivable from employees (a)	**16,716**	—
Others	**4,232**	1,790
	41,095	18,761

Note:

(a) Receivable from employees as at December 31, 2021 was individual income tax due from the employees in relation to the share award scheme which is expected to be recovered from these employees in 2023. Included in the balance due from related parties amounted to US$16,095,000 as at December 31, 2021.

23. Inventories

	2021 US$'000	2020 US$'000
Raw materials	**35,797**	22,053
Finished goods	**753,839**	559,521
Less: Impairment	**(7,356)**	(6,077)
	782,280	575,497

The movements in provision for impairment of inventories are as follows:

	2021 US$'000	2020 US$'000
At the beginning of the year	**6,077**	2,846
Impairment losses	**11,366**	22,267
Less: Amounts written-off	**(10,095)**	(19,060)
Exchange realignment	**8**	24
At the end of the year	**7,356**	6,077

24. Trade and bills receivables

	2021 US$'000	2020 US$'000
Bills receivable	**347,605**	406,766
Trade receivables	**904,961**	803,389
Less: Impairment	**(6,818)**	(6,624)
	1,245,748	1,203,531

Certain of the Group's trading terms with its customers are payments in advance, while for other customers, credit is granted. The credit period is generally 30 days to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department and, in certain cases, credit insurance 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$11,293,000 (2020: US$12,470,000) as at December 31, 2021, 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 end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2021 US$'000	2020 US$'000
Within 6 months	**1,226,556**	1,194,320
6 months to 1 year	**18,607**	7,902
1 to 2 years	**585**	917
Over 2 years	**—**	392
	1,245,748	1,203,531

24. Trade and bills receivables (continued)

The movements in provision for impairment of trade receivables are as follows:

	2021 US$'000	2020 US$'000
As at the beginning of the year	**6,624**	4,077
Impairment losses, net	**7,458**	11,385
Amount written off as uncollectible	**(7,264)**	(8,838)
As at the end of the year	**6,818**	6,624

As at December 31, 2021 and 2020, 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, 2021, the amount of individually assessed provision was US$2,314,000 (2020: US$2,288,000). 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.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At December 31, 2021

		Past due			
	Not overdue to 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	**0.17%**	**31.68%**	**54.15%**	**100%**	
Gross carrying amount (US$'000)	**882,199**	**3,782**	**1,276**	**1,117**	**888,374**
Expected credit losses (US$'000)	**1,498**	**1,198**	**691**	**1,117**	**4,504**

At December 31, 2020

		Past due			
	Not overdue to 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.10%	34.36%	54.69%	100%	
Gross carrying amount (US$'000)	771,126	3,594	980	1,821	777,521
Expected credit losses (US$'000)	744	1,235	536	1,821	4,336

25. Prepayments, other receivables and other assets

	2021 US$'000	2020 US$'000
Prepayments	**31,733**	40,972
Deposits and other receivables (a)	**28,130**	59,334
Due from related parties (b)	**2,142**	2,078
Right-of-return assets	**1,091**	784
Indemnification assets (c)	**3,541**	4,988
Tax recoverable	**19,219**	15,152
	85,856	123,308
Less: Impairment	**(892)**	(1,944)
	84,964	121,364

Notes:

(a) Included in the balance as at December 31, 2020 were tariff refund from the temporary exemption of US$21,266,000 on the Group's certain products. There was no such balance as at December 31, 2021.

(b) Included in the amounts due from related parties were trade-related amounts due from associates of US$593,000 (2020: US$514,000) as at December 31, 2021, and non-trade-related amounts due from related parties of US$1,549,000 (2020: US$1,564,000) as at December 31, 2021.

(c) Pursuant to the agreement of acquisition of the Euro-Pro Group, the Group is entitled to be indemnified from the seller for certain tax provision.

26. Cash and cash equivalents/pledged deposits

	2021 US$'000	2020 US$'000
Cash and bank balances	**504,713**	492,225
Time deposits		
— current	**79,302**	111,692
Less: pledged deposits for bills payable (note 27)	**(28,558)**	(33,107)
Cash and cash equivalents	**555,457**	570,810

26. Cash and cash equivalents/pledged deposits (continued)

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB965,241,000 (2020: RMB1,898,501,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, 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.

27. 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:

	2021 US$'000	2020 US$'000
Within 1 year	**877,927**	884,641
1 to 2 years	**1,151**	704
	879,078	885,345

Included in the trade and bills payables are trade payables of US$9,981,000 (2020: US$42,178,000) 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$28,558,000 (2020: US$33,107,000) as at December 31, 2021, and secured by bills receivable of the Group of US$189,054,000 (2020: US$171,138,000) as at December 31, 2021.

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

28. Other payables and accruals

	2021 US$'000	2020 US$'000
Accruals	**211,791**	214,610
Contract liabilities (a)	**28,060**	81,394
Refund liabilities	**266,364**	240,059
Other payables	**68,298**	64,604
Provisions (b)	**36,631**	32,242
Due to related parties (c)	**7,297**	9,729
	618,441	642,638

Notes:

(a) Contract liabilities include short-term advances received from delivering home appliance products and rendering extended warranty services. Included in the contract liabilities were short-term advances of US$509,000 (2020: US$79,000) received from related parties as at December 31, 2021.

(b) The Group provides standard warranties of one to seven years to its customers. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

(c) Included in the amounts due to related parties were trade-related amounts due to associates of US$7,297,000 (2020: US$9,729,000).

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29. Derivative financial instruments

	2021 US$'000	2020 US$'000
Forward currency contracts	**66**	—

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 US$66,000 (2020: Nil) were charged to the statement of profit or loss during the year.

30. Interest-bearing bank borrowings

	December 31, 2021			December 31, 2020		
	Interest rate (%)	Maturity	US$'000	Interest rate (%)	Maturity	US$'000
Current						
Bank loans — secured (a)	**1.56+LIBOR**	**2022**	**35,870**	1.56+LIBOR	2021	34,718
Bank loans — secured (a)	**1.80+LIBOR**	**2022**	**49,402**	1.80+LIBOR	2021	11,853
			85,272			46,571
Non-current						
Bank loans — secured (a)	**1.80+LIBOR**	**2023 to 2025**	**435,953**	1.80+LIBOR	2022 to 2025	485,096
Bank loans — secured (a)	**1.56+LIBOR**	**2023 to 2025**	**420,921**	1.56+LIBOR	2022 to 2025	407,749
			856,874			892,845
			942,146			939,416

30. Interest-bearing bank borrowings (continued)

	December 31, 2021 US$'000	December 31, 2020 US$'000
Analyzed into:		
Bank loans repayable:		
Within one year or on demand	**85,272**	46,571
In the second year	**135,092**	84,412
In the third to fifth years, inclusive	**721,782**	808,433
	942,146	939,416

Notes:

(a) The bank loans are secured by:

(i) The pledge of 307,618,897 (2020: 307,618,897) shares of Joyoung Co., Ltd. as at December 31, 2021, and the pledge of 103,939,172 shares of Joyoung Co., Ltd. which was effective starting from January 24, 2022;

(ii) 82.90% of shares in Shanghai Lihong held by JS Global Trading HK Limited;

(iii) 0.86% of shares in Shanghai Lihong held by Easy Appliance Limited;

(iv) Certain of the Group's assets amounting to US$2,564,917,000 (2020: US$2,228,813,000) as at December 31, 2021; and

30. Interest-bearing bank borrowings (continued)

Notes: (continued)

(a) The bank loans are secured by: (continued)

(v) The pledge of equity interests of the following companies:

	Percentage of equity interests
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%

The Group's unutilized available bank borrowing facilities amounted to US$200,000,000 (2020: US$250,000,000) as at December 31, 2021.

31. 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$'000	Others US$'000	Total US$'000
At January 1, 2020	4,294	2,228	21,942	3,701	4,557	14,746	–	6,825	58,293
Exchange realignment	17	273	278	13	144	109	–	–	834
Acquisition of a subsidiary	1,463	–	–	–	–	–	–	–	1,463
Deferred tax credited to share award reserve	–	–	8,536	–	–	–	–	–	8,536
Deferred tax (charged)/ credited to profit or loss	(4,201)	175	8,056	(2,373)	7,335	3,334	–	(4,055)	8,271
At December 31, 2020	1,573	2,676	38,812	1,341	12,036	18,189	–	2,770	77,397
At January 1, 2021	**1,573**	**2,676**	**38,812**	**1,341**	**12,036**	**18,189**	**–**	**2,770**	**77,397**
Exchange realignment	**(3)**	**23**	**181**	**2**	**(29)**	**37**	**17**	**(135)**	**93**
Deferred tax (charged)/credited to share award reserve/other comprehensive income	**–**	**–**	**(5,471)**	**–**	**–**	**–**	**362**	**–**	**(5,109)**
Deferred tax (charged)/ credited to profit or loss	**478**	**2,885**	**12,780**	**(1,326)**	**3,625**	**1,468**	**1,087**	**1,347**	**22,344**
At December 31, 2021	**2,048**	**5,584**	**46,302**	**17**	**15,632**	**19,694**	**1,466**	**3,982**	**94,725**

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31. Deferred tax assets/liabilities (continued)

Deferred tax liabilities:

	Interest receivable US$'000	Fair value adjustments arising from financial assets US$'000	Amortization allowance of intangible assets US$'000	Right-of-use assets US$'000	Withholding taxes US$'000	Others US$'000	Total US$'000
At January 1, 2020	125	2,195	129,505	13,398	1,962	—	147,185
Exchange realignment	13	(93)	—	108	—	195	223
Acquisition of a subsidiary	—	—	3,213	—	—	—	3,213
Transfer to tax payable	—	—	—	—	(5,085)	—	(5,085)
Recognized in other comprehensive income	—	188	—	—	—	—	188
Deferred tax charged/ (credited) to profit or loss	90	1,490	(47)	2,921	9,449	3,451	17,354
At December 31, 2020	228	3,780	132,671	16,427	6,326	3,646	163,078
At January 1, 2021	**228**	**3,780**	**132,671**	**16,427**	**6,326**	**3,646**	**163,078**
Exchange realignment	**9**	**(58)**	**—**	**37**	**—**	**88**	**76**
Transfer to tax payable	**—**	**—**	**—**	**—**	**(5,009)**	**—**	**(5,009)**
Recognized in other comprehensive income	**—**	**536**	**—**	**—**	**—**	**—**	**536**
Deferred tax charged to profit or loss	**220**	**1,285**	**4,938**	**1,188**	**2,308**	**693**	**10,632**
At December 31, 2021	**457**	**5,543**	**137,609**	**17,652**	**3,625**	**4,427**	**169,313**

31. 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:

	2021 US$'000	2020 US$'000
Deferred tax assets	**77,073**	60,970
Deferred tax liabilities	**(151,661)**	(146,651)
	(74,588)	(85,681)

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 Mainland China of US$11,884,000 (2020: US$10,483,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets in respect of tax losses of US$15,268,000 (2020: US$10,774,000) 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 Mainland China. 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 Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% and 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from January 1, 2008.

As of December 31, 2021, there was no significant unrecognized deferred tax liability (2020: nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries or associates.

32. Other non-current liabilities

	2021 US$'000	2020 US$'000
Contract liabilities	**2,575**	2,267
Incurred but not reported general product liability	**12,990**	8,119
Uncertain tax positions	**4,245**	5,081
	19,810	15,467

33. Issued capital

	Notes	2021 US$'000	2020 US$'000
Authorized:			
5,000,000,000 (2020: 5,000,000,000) ordinary shares of US$0.00001 each	(i)(ii)	**50**	50
Issued and fully paid:			
3,494,612,277 (2020: 3,489,112,277) ordinary shares of US$0.00001 each	(iii)–(vii)	**34**	34

	Notes	Number of ordinary shares	Nominal value US$'000
At the date incorporation (July 26, 2018) and December 31, 2018	(i)	1.00	—
Issue of shares prior to the Reorganization	(i)	269,074,976.28	27
Shares subdivision	(ii)	2,421,674,795.52	—
Shares repurchased	(ii)	(4.80)	—
Allotment to RSU Plan	(iii)	141,618,409.00	—
Issue of shares under the Global Offering	(iv)	574,804,500.00	6
At December 31, 2019 and January 1, 2020		3,407,172,677.00	33
Issue of shares in exchange of vested shares in a subsidiary	(v)	**5,481,600.00**	**—**
Subscription of new shares	(vi)	**76,458,000.00**	**1**
At December 31, 2020 and January 1, 2021		**3,489,112,277.00**	**34**
Issue of shares to the RSU Plan	(vii)	**5,500,000.00**	**—**
At December 31, 2021		**3,494,612,277.00**	**34**

33. Issued capital (continued)

A summary of movements in the Company's share capital is as follows:

(i) On July 26, 2018, the Company was incorporated in the Cayman Islands as an exempted company with authorized share capital of US$50,000 divided into 500,000,000 ordinary shares with par value of US$0.0001 each. On July 26, 2018, the Company issued one ordinary share with a par value of US$0.0001 to Mapcal Limited as the initial subscriber. On the same day, the one issued share was transferred to JS Holding;

On April 10, 2019, the Company issued 99,613,965.34 ordinary shares with a par value of US$0.0001 to JS Holding in exchange for US$9,961.40;

On April 16, 2019, the Company issued 36,830,424.53 ordinary shares with a par value of US$0.0001 to Mr. Lee Puay Khng in exchange for his 100% equity interests in Bilting;

On June 19, 2019, the Company issued 60,743,866.83 ordinary shares with a par value of US$0.0001 to JS Holding as part of the Reorganization;

On June 24, 2019, the Company issued 29,600,413.96 ordinary shares with a par value of US$0.0001 to Easy Home Limited in exchange for its 30% equity interests in Global Appliance 1 Limited;

On June 24, 2019, the Company issued 6,555,616.63 ordinary shares with a par value of US$0.0001 to Comfort Home Limited, and as the consideration, Comfort Home Limited transferred 2,325.44 ordinary shares of SharkNinja Global it held to the Company;

On June 24, 2019, the Company issued an aggregate of 35,730,688.99 ordinary shares with a par value of US$0.0001 to a group of investors comprising BMS Ventures LLC, Casa Brima LLC, Barrocas Family 2017 Children's Trust, SMCSB 2018 Trust, PR2 LLC, and SN Aggregator LLC (collectively as the "**SN Investors**"), and as the consideration, SN Investors transferred their respective equity interests in SharkNinja Global to the Company.

(ii) On October 9, 2019, the shareholders of the Company resolved that each issued and unissued ordinary share of the then par value of US$0.0001 each will be subdivided into 10 shares of par value of US$0.00001 each. Upon the subdivision, the authorized share capital of the Company shall be US$50,000 divided into 5,000,000,000 shares of a par value of US$0.00001 each. And 269,074,977.28 ordinary shares shall be subdivided into 2,690,749,772.80 ordinary shares. Immediately after the subdivision, on October 9, 2019, the Company repurchased a total of 4.8 ordinary shares from shareholders of the Company and canceled such 4.8 ordinary shares for the purpose of eliminating fractional shares.

(iii) On October 9, 2019, the Company adopted a restricted stock units plan (the "**RSU Plan**"). On October 25, 2019, the Company issued and allotted 141,618,409 ordinary shares with no par value to Golden Tide International Limited and Grand Riches Ventures Limited pursuant to the RSU Plan.

33. Issued capital (continued)

(iv) The final number of issued shares under the Global Offering comprised 49,983,000 ordinary shares in the Hong Kong public offering, 449,847,000 ordinary shares (before any exercise of the over-allotment option) and 74,974,500 ordinary shares (fully exercise of the over-allotment option) in the international public offering.

In December 2019, upon its listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Company issued 574,804,500 ordinary shares at par value of US$0.00001 per share for a cash consideration of HK$5.20 each, and raised gross proceeds of approximately US$386,864,000. The respective issued capital amount was approximately US$6,000 and the share premium arising from the issuance was approximately US$374,572,000 after deducting incremental costs of approximately US$12,286,000 that are directly attributable to the issue of the new shares.

(v) In June 2020, vested shares in a subsidiary of the Company were canceled, and exchanged to 5,481,600 shares of the Company.

(vi) In October 2020, a total of 76,458,000 ordinary shares with a nominal value of US$0.00001 each were issued upon completion of the subscription to Easy Home Limited. The net proceeds received by the Company from the subscription was approximately US$138,223,000.

(vii) In January 2021, the Company issued and allotted 5,500,000 ordinary shares with a nominal value of US$0.00001 each to Grand Riches Ventures Limited pursuant to the RSU Plan.

34. Share-based payments

Share Award Scheme of Joyoung Co., Ltd. ("JY Scheme 2017")

On November 24, 2017, Joyoung Co., Ltd. announced the JY Scheme 2017 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Joyoung's operations. Eligible participants of the JY Scheme 2017 include directors and employees of Joyoung Co., Ltd.

The maximum number of restricted stock shares ("**RSS**") currently permitted to be awarded under the JY Scheme 2017 is an amount equivalent to 10% of the shares of Joyoung Co., Ltd. in issue at any time. The maximum number of RSS issuable to each eligible participant in the JY Scheme 2017 within any 12-month period is limited to 1% of the shares of Joyoung Co., Ltd. in issue at any time. Any further award of RSS in excess of this limit is subject to shareholders' approval in a general meeting.

On operation of the JY Scheme 2017, Joyoung Co., Ltd. repurchased a total of 4,999,960 ordinary shares of Joyoung Co., Ltd., listed on the Shenzhen Stock Exchange, to award certain eligible participants, among which 4,800,000 shares were granted on June 8, 2018, and 199,960 shares were granted on December 7, 2018, both upon payment at a grant price of RMB1.00 per share by the grantees. Eligible participants of the JY Scheme 2017 include 202 directors and employees of Joyoung Co., Ltd.

34. Share-based payments (continued)

Share Award Scheme of Joyoung Co., Ltd. ("JY Scheme 2017") (continued)

For the 4,800,000 shares granted to the eligible participants as RSS on June 8, 2018, 30% of the shares shall vest after the 12-month lock-up period from the grant date, on the condition that Joyoung Co., Ltd. achieves a 6% growth of revenue and a 2% growth of profit in 2018 compared with year 2017. 24 months after the grant date, a further 30% of the RSS shall vest if Joyoung Co., Ltd. achieves an 11% growth of revenue and an 8% growth of profit in 2019 compared with year 2018. The final 40% of the RSS shall vest 36 months after the grant, upon meeting the performance goals of a 17% revenue increase and a 15% profit increase in 2020 compared with year 2019. The RSS expire in 48 months after the grant date.

For the 199,960 shares granted on December 7, 2018, 50% of the RSS shall vest after the 12-month lock-up period, and the others shall vest 24 months after the grant date. Performance conditions are the same as the above arrangement for 4,800,000 shares granted on June 8, 2018.

COVID-19 broke out at the beginning of 2020 and has had a great impact on the social economy. Joyoung expected that the outbreak would also have an impact on its business performance. In order to motivate employees, Joyoung decided to amend the performance condition of the final 40% of the RSS. The revised performance conditions are as follows:

Compared with year 2019, if the revenue growth rate is less than 11% or the profit growth rate is less than 9%, no shares of the final 40% of the RSS should be vested.

If the revenue growth rate is not less than 11% and the profit growth rate is not less than 9%, 60% of the final 40% of the RSS should be vested.

If the revenue growth rate is not less than 13% and the profit growth rate is not less than 11%, 80% of the final 40% of the RSS should be vested.

If the revenue growth rate is not less than 15% and the profit growth rate is not less than 13%, 100% of the final 40% of the RSS should be vested.

Before the expiration, in the case that Joyoung Co., Ltd. does not meet the performance goals, or certain eligible participants resign, the board of directors will decide to repurchase for the cancelation action of the related RSS. The repurchase price of RSS is the lowest of (i) the grant price after an adjustment of dividends; (ii) the average stock price of Joyoung Co., Ltd.'s shares for the 20 trading days immediately preceding the date of repurchase; and (iii) the average stock price of Joyoung Co., Ltd.'s shares for the day immediately preceding the date of repurchase.

In the first 12-month vesting period, the RSS do not confer rights of dividends and votes to the eligible participants. After the first 12 months, the eligible participants are entitled to rights of dividends only.

No RSS were granted during the year ended December 31, 2021. During the year, Joyoung Co., Ltd. recognized share award expenses of RMB3,382,000 (equivalent to US$524,000) (2020: RMB12,161,000 (equivalent to US$1,764,000)).

34. Share-based payments (continued)

Restricted Stock Units Plan of the Group ("JS RSU Scheme")

The following RSS were outstanding under the JY Scheme 2017:

	2021		2020	
	Weighted average share price RMB per share	Number of RSS	Weighted average share price RMB per share	Number of RSS
At the beginning of the year	**15.71**	**1,756,980**	15.68	3,402,960
Exercised during the year	**15.71**	**(1,727,980)**	15.67	(1,379,980)
Forfeited during the year	**14.98**	**(29,000)**	15.69	(266,000)
At the end of the year		**—**	15.71	1,756,980

At the date of approval of the financial statements, Joyoung Co., Ltd. has exercised all of the RSS under the JY Scheme 2017.

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.

34. Share-based payments (continued)

Restricted Stock Units Plan of the Group ("JS RSU Scheme") (continued)

JS RSU Scheme — 2019 tranche (continued)

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 will 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.

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.

34. Share-based payments (continued)

Restricted Stock Units Plan of the Group ("JS RSU Scheme") (continued)

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 grant 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.

The following RSUs were outstanding under the RSU Scheme:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Fair value per share US$	Number of RSUs	Fair value per share US$	Number of RSUs
At the beginning of the year	**0.63**	**93,906,433**	0.63	127,424,762
Granted on January 18, 2021	**2.45**	**9,224,347**	—	—
Granted on January 27, 2021	**2.40**	**350,000**	—	—
Granted on April 1, 2021	**3.24**	**350,000**	—	—
Granted on September 28, 2021	**2.27**	**1,025,000**	—	—
Granted on November 10, 2021	**1.86**	**345,000**	—	—
Exercised during the year	**0.80**	**(34,340,831)**	0.63	(31,856,190)
Forfeited during the year	**1.54**	**(3,117,804)**	0.63	(1,662,139)
At the end of the year	**0.83**	**67,742,145**	0.63	93,906,433

During the year ended December 31, 2021, the Group recognized share award expenses of US$27,845,000 (2020: US$36,251,000).

On July 2, 2021, a one-time cash award as amount of HK$11,800,000 was granted to a participant, which was from the sale of the ungranted 546,500 RSU Shares.

34. Share-based payments (continued)

Restricted Stock Units Plan of the Group ("JS RSU Scheme") (continued)

JS RSU Scheme — 2021 tranche (continued)

On December 30, 2021, the Board had approved to amend the maximum number of the Shares underlying the RSU Scheme 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 Scheme) from 147,118,409 Shares to 199,537,593 Shares.

As of December 31, 2021, the Company had repurchased an aggregate of 1,775,000 shares for the JS RSU Scheme. From January 1, 2022 to the date of approval of these financial statements, the Company has repurchased an aggregate of 5,714,000 shares for the JS RSU Scheme.

On March 29, 2022, the Board had approved to amend the maximum number of the Shares underlying the RSU Scheme 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 Scheme) from 199,537,593 Shares to 300,000,000 Shares.

At the date of approval of these financial statements, the Company had 67,742,145 RSUs outstanding under the JS RSU Scheme, which represented approximately 1.94% 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.

34. 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, 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 year ended December 31, 2021	
	Weighted average exercise price RMB per share	Number of options
At the beginning of the year	—	—
Granted during the year	**21.99**	**15,600,000**
At the end of the year	**21.99**	**15,600,000**

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, 2021, 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 15,600,000 share options outstanding under the JY Scheme 2021, which represented approximately 2.0% of Joyoung Co., Ltd.'s shares in issue (December 31, 2020: nil).

35. 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.

36. Non-controlling interests

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2021	2020
Percentage of equity interest held by non-controlling interests as at December 31:		
Joyoung Co., Ltd.	**32.93%**	41.11%

	2021 US$'000	2020 US$'000
Profit for the year allocated to non-controlling interests:		
Joyoung Co., Ltd.	**38,515**	56,275
Dividends paid to non-controlling interests:		
Joyoung Co., Ltd.	**39,262**	20,844
Accumulated balances of non-controlling interests at the reporting date:		
Joyoung Co., Ltd.	**302,778**	279,408

36. 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:

2021	Joyoung Co., Ltd. US$'000
Revenue	**1,619,020**
Total expenses	**1,503,331**
Profit for the year	**115,689**
Total comprehensive income for the year	**114,406**
Current assets	**1,024,587**
Non-current assets	**312,669**
Current liabilities	**656,425**
Non-current liabilities	**13,162**
Net cash flows used in operating activities	**(5,398)**
Net cash flows from investing activities	**122,359**
Net cash flows used in financing activities	**(122,264)**
Net decrease in cash and cash equivalents	**(5,303)**

2020	Joyoung Co., Ltd. US$'000
Revenue	1,571,405
Total expenses	1,434,788
Profit for the year	136,617
Total comprehensive income for the year	119,823
Current assets	1,131,145
Non-current assets	286,835
Current liabilities	748,822
Non-current liabilities	9,209
Net cash flows from operating activities	291,477
Net cash flows used in investing activities	(95,780)
Net cash flows used in financing activities	(113,204)
Net increase in cash and cash equivalents	82,493

37. Business combination

In February 2021, SharkNinja Operating LLC, a subsidiary of the Group, acquired the assets of Viper Design LLC ("**Viper**") from a third party. Viper is principally engaged in the research and development for the manufacture of robotic products. The acquisition was made as part of the Group's strategy to procure the technology used in the Group's advanced navigation robot products. The purchase consideration for the acquisition was US$2,400,000, with US$1,800,000 paid by the acquisition date.

The fair values of the identifiable assets and liabilities acquired at the date of acquisition were as follows:

	Fair value recognized on acquisition US$'000
Other intangible assets	1,570
Total provisional identifiable net assets at fair value	1,570
Goodwill on acquisition	830
Satisfied by cash	1,800
Contingent liabilities	600

Included in the goodwill of US$830,000 recognized above is the assembled workforce, which is not recognized separately. Since the workforce is not separable, it does not meet the criteria for recognition as an intangible asset under IAS 38 *Intangible Assets*. None of the goodwill recognized is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	US$'000
Cash consideration	(1,800)
Cash and bank balances acquired	—
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(1,800)

38. Notes to the consolidated statement of cash flows

(a) Major non-cash transactions

Dividends set-off

During the year ended December 31, 2020, the dividends declared by Shanghai Lihong amounting to US$307,000 were used to set off the amounts due from shareholders.

(b) Changes in liabilities arising from financing activities

	Dividends payable US$'000	Interest-bearing bank borrowings US$'000	Lease liabilities US$'000
At January 1, 2021	**—**	**939,416**	**76,191**
Changes from financing cash flows	**(155,174)**	**(899)**	**(23,709)**
Dividends declared	**155,174**	**—**	**—**
Additions of lease liabilities	**—**	**—**	**31,263**
Interest expenses during the year	**—**	**3,629**	**3,452**
Exchange differences	**—**	**—**	**144**
At December 31, 2021	**—**	**942,146**	**87,341**

	Dividends payable US$'000	Interest-bearing bank borrowings US$'000	Lease liabilities US$'000
At January 1, 2020	—	1,075,295	62,227
Changes from financing cash flows	(265,416)	(180,918)	(17,670)
Dividends declared	265,620	—	—
Set off with amounts due from shareholders	(307)	—	—
Additions of lease liabilities	—	—	27,465
Interest expenses during the year	—	38,384	3,174
Exchange differences	103	6,655	995
At December 31, 2020	—	939,416	76,191

39. 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 27 and 30, to the financial statements.

40. Related party transactions

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the reporting period:

	Notes	2021 US$'000	2020 US$'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)		**12,907**	9,025
Shenyang Boerman Trading Co., Limited (瀋陽伯爾曼商貿有限公司)		**12,615**	10,691
Jinan Zhengming Trading Co., Limited (濟南正銘商貿有限公司)		**9,894**	15,684
Beijing Zhongdingzhilian Trading Co., Limited (北京中鼎智聯商貿有限公司)		**8,290**	8,569
Henan Xulian Trading Co., Limited (河南旭聯商貿有限公司)		**6,845**	7,624
Shanghai Fanqi Health Technology Development Co., Limited (上海泛齊健康科技發展有限公司)		**5,178**	8,736
Others	iii	**11,455**	14,760
		67,184	75,089
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)		**69,729**	78,703
Shandong Shengning Appliance Co., Limited (山東勝寧電器有限公司)		**35,242**	26,808
Hangzhou Hongfeng Electronic Fittings Co., Limited (杭州弘豐電子配件有限公司)		**32,701**	74,807
Shandong Yiteng Small Appliance Co., Limited (山東一騰小家電有限公司)		**24,582**	38,739
Hangzhou Yongyao Technology Co., Limited (杭州永耀科技有限公司)	ii	**—**	49,585
Others	iii	**468**	4,135
		162,722	272,777

Notes to Financial Statements

December 31, 2021

40. Related party transactions (continued)

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the reporting period: (continued)

	Notes	2021 US$'000	2020 US$'000
Rental income from associates	iv	**454**	326
Service income from associates	v	**790**	1,410
Purchase of properties from an associate	vi	**—**	2,207
Advances to related parties	vii	**18,194**	343
Settlement of advance to related parties	vii	**1,932**	1,683
Compensation income	viii	**3,334**	—

Notes:

(i) The sales to/purchases from the associates were made according to the prices and conditions mutually agreed by both parties.

(ii) The Group has sold the interest of Hangzhou Yongyao Technology Co., Limited in 2020 and the purchases of goods from Hangzhou Yongyao Technology Co., Limited were no longer related party transactions of the Group since then.

(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$409,000 generated from Hangzhou Jiuyang Bean Industry Limited ("杭州九陽豆業有限公司"), which constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, as these continuing connected transactions represent less than 0.1% of the relevant percentage ratios, pursuant to paragraph 14A.76(1)(a) of the Listing Rules, these continuing connected transactions are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements.

(v) The service income from the associates was generated according to the contracts agreed by both parties.

(vi) The purchase of properties from Hangzhou Taimei Properties Limited ("杭州泰美置業有限公司") was made according to the prices and conditions mutually agreed by both parties.

(vii) In 2021, the Group paid US$16,095,000 individual income tax in relation to the share award scheme on behalf of key management (2020: Nil).

The advance to related parties was interest-free and had been partially settled with cash amounting to US$1,932,000 (2020: US$1,376,000) during the year of 2021, and no balance was settled with dividends during the year of 2021 (2020: US$307,000).

(viii) The Group purchased property from Hangzhou Taimei Properties Limited ("杭州泰美置業有限公司") in 2020. In 2021, Hangzhou Taimei Properties Limited compensated the Group for its delay in transfering the property title according to the contracts agreed by both parties.

40. Related party transactions (continued)

(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 24 and 27 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 22 to the financial statements. The balance is unsecured, interest-free and repayable in 2023.

(iii) Details of the Group's advances to related parties as at the end of the reporting period are disclosed in note 25 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:

	2021 US$'000	2020 US$'000
Salaries, allowances and benefits in kind	**2,006**	2,000
Performance-related bonuses	**3,490**	3,445
Pension scheme contributions	**33**	28
Share award expense	**16,774**	14,555
Total	**22,303**	20,028

41. 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, 2021

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	—	163,265	—	163,265
Financial assets designated at fair value through other comprehensive income	44,728	—	—	44,728
Other non-current assets	—	—	29,586	29,586
Trade and bills receivables	347,605	—	898,143	1,245,748
Financial assets included in prepayments, other receivables and other assets	—	—	29,679	29,679
Pledged deposits	—	—	28,558	28,558
Cash and cash equivalents	—	—	555,457	555,457
	392,333	163,265	1,541,423	2,097,021

Financial liabilities	Financial liabilities at fair value through profit or loss US$'000	Financial liabilities at amortized cost US$'000	Total US$'000
Trade and bills payables	—	879,078	879,078
Financial liabilities included in other payables and accruals	—	20,382	20,382
Interest-bearing bank borrowings	—	942,146	942,146
Lease liabilities	—	87,341	87,341
Derivative financial instruments	66	—	66
	66	1,928,947	1,929,013

41. 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, 2020

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	—	283,124	—	283,124
Financial assets designated at fair value through other comprehensive income	40,023	—	—	40,023
Other non-current assets	—	—	7,007	7,007
Trade and bills receivables	406,766	—	796,765	1,203,531
Financial assets included in prepayments, other receivables and other assets	—	—	60,898	60,898
Pledged deposits	—	9,195	23,912	33,107
Cash and cash equivalents	—	—	570,810	570,810
	446,789	292,319	1,459,392	2,198,500

Financial liabilities	Financial liabilities at amortized cost US$'000	Total US$'000
Trade and bills payables	885,345	885,345
Financial liabilities included in other payables and accruals	32,979	32,979
Interest-bearing bank borrowings	939,416	939,416
Lease liabilities	76,191	76,191
	1,933,931	1,933,931

42. 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, 2021 US$'000	December 31, 2020 US$'000	**December 31, 2021 US$'000**	December 31, 2020 US$'000
Financial assets:				
Equity investments designated at fair value through other comprehensive income	**44,728**	40,023	**44,728**	40,023
Financial assets at fair value through profit or loss	**163,265**	283,124	**163,265**	283,124

	Carrying amounts		Fair values	
	December 31, 2021 US$'000	December 31, 2020 US$'000	**December 31, 2021 US$'000**	December 31, 2020 US$'000
Financial liabilities:				
Derivative financial instruments	**66**	—	**66**	—

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.

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.

42. Fair value and fair value hierarchy of financial instruments (continued)

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 value of listed equity investments are based on quoted market prices. The Group invests in financial products issued by banks in Mainland China and investment funds in accordance with the entrusted agreements entered into between the parties involved. The Group has estimated the fair value 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.

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, 2021 US$'000	As at December 31, 2020 US$'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	**163,264**	283,122	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, 2020: Discount rate−1% to discount rate+1%)	1% (December 31, 2020: 1%) increase/ decrease in multiple would result in decrease/ increase in fair value by US$-274,000/ US$278,000 (December 31, 2020: US$-927,000 to US$942,000)

42. Fair value and fair value hierarchy of financial instruments (continued)

	As at December 31, 2020 US$'000	As at December 31, 2019 US$'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted financial assets designated at fair value through other comprehensive income	**44,728**	40,023	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, 2020: Discount rate−1% to discount rate+1%)	1% (December 31, 2020: 1%) increase/ decrease in multiple would result in decrease/ increase in fair value by US$-3,666,000/ US$4,276,000 (December 31, 2020: US$-3,931,000 to US$4,155,000)

42. 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, 2021

	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	**—**	**—**	**44,728**	**44,728**
Financial assets at fair value through profit or loss	**1**	**—**	**163,264**	**163,265**
Bills receivable	**—**	**347,605**	**—**	**347,605**

As at December 31, 2020

	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	—	—	40,023	40,023
Financial assets at fair value through profit or loss	2	—	283,122	283,124
Bills receivable	—	406,766	—	406,766
Pledged deposits	—	9,195	—	9,195

43. 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**
2021		
If interest rate increases by	**1**	**(3,582)**
If interest rate decreases by	**(1)**	**3,582**
2020		
If interest rate increases by	1	(3,355)
If interest rate decreases by	(1)	3,355

43. 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 0.73% (2020: 0.60%) of the Group's sales in 2021 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 maximise 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 rate of the Group's equity due to changes in the currency translation.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in equity* US$'000
December 31, 2021		
If US$ weakens against RMB	**5**	**31,989**
If US$ strengthens against RMB	**(5)**	**(31,989)**
If US$ weakens against HK$	**5**	**1,052**
If US$ strengthens against HK$	**(5)**	**(1,052)**
December 31, 2020		
If US$ weakens against RMB	5	41,043
If US$ strengthens against RMB	(5)	(41,043)
If US$ weakens against HK$	5	979
If US$ strengthens against HK$	(5)	(979)

* Excluding retained profits

43. 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$368,000 for the trade receivables and other receivables due from related parties (2020: US$1,051,000).

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 24. 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$641,000 as at December 31, 2021 (2020: US$1,789,000). 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 24 to the financial statements.

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.

43. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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, 2021

	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	**65,991**	**34,887**	**883,396**	**—**	**984,274**
Trade and bills payables	**873,090**	**4,837**	**1,151**	**—**	**879,078**
Financial liabilities included in other payables and accruals	**20,382**	**—**	**—**	**—**	**20,382**
Lease liabilities	**6,676**	**16,775**	**49,819**	**27,467**	**100,737**
	966,139	**56,499**	**934,366**	**27,467**	**1,984,471**

Year ended December 31, 2020

	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	41,948	23,020	936,954	—	1,001,922
Trade and bills payables	885,345	—	—	—	885,345
Financial liabilities included in other payables and accruals	32,979	—	—	—	32,979
Lease liabilities	4,451	13,158	43,819	25,931	87,359
	964,723	36,178	980,773	25,931	2,007,605

43. Financial risk management objectives and policies (continued)

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.

44. Events after the reporting period

On March 23, 2022, the Office of the United States Trade Representative announced in a "Notice of Reinstatement of Certain Exclusions: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation" that the United States Trade Representative has determined to reinstate exclusions of certain products from additional duties to be applied as of October 12, 2021 and be extended through December 31, 2022. As of the date of approval of these financial statements, according to the management's preliminary assessment, these exclusions cover the majority of vacuums, air purifiers and air friers that the Group imports from China to the United States, and the management is assessing the possible amount of tariff refunds in 2022.

45. 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:

	2021 US$'000	2020 US$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**882,045**	866,316
CURRENT ASSETS		
Prepayments, other receivables and other assets	**16**	—
Cash and cash equivalents	**9,179**	15,542
Due from subsidiaries	**57,329**	116,619
Total current assets	**66,524**	132,161
CURRENT LIABILITIES		
Other payables and accruals	**9,471**	11,077
Due to subsidiaries	**19,903**	9,646
Interest-bearing bank borrowings	**35,870**	34,718
Total current liabilities	**65,244**	55,441
NET CURRENT ASSETS	**1,280**	76,720
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**420,921**	407,749
Net assets	**462,404**	535,287
EQUITY		
Issued capital	**34**	34
Share premium	**830,545**	830,545
Share award reserve	**40,426**	46,555
Reserves	**(408,601)**	(341,847)
	462,404	535,287

45. Statement of financial position of the Company (continued)

A summary of the Company's reserves is as follows:

	Issued capital US$'000 (note 33)	Share premium US$'000	Share award reserve US$'000 (note 34)	Accumulated losses US$'000	Total US$'000
At January 1, 2021	**34**	**830,545**	**46,555**	**(341,847)**	**535,287**
Total comprehensive income for the year	**—**	**—**	**—**	**17,539**	**17,539**
Equity-settled share award scheme	**—**	**—**	**27,845**	**—**	**27,845**
Settlement of share award scheme	**—**	**—**	**(33,974)**	**35,572**	**1,598**
Final dividend declared for 2020	**—**	**—**	**—**	**(119,865)**	**(119,865)**
At December 31, 2021	**34**	**830,545**	**40,426**	**(408,601)**	**462,404**

45. Statement of financial position of the Company (continued)

	Issued capital US$'000 (note 33)	Share premium US$'000	Share award reserve US$'000 (note 34)	Accumulated losses US$'000	Total US$'000
At January 1, 2020	33	691,797	23,806	(44,669)	670,967
Total comprehensive income for the year	—	—	—	(58,995)	(58,995)
Acquisition of non-controlling interests	—	526	—	—	526
Equity-settled share award scheme	—	—	42,077	—	42,077
Settlement of share award scheme	—	—	(19,328)	11,903	(7,425)
Issue of shares (note 33)	1	138,222	—	—	138,223
Final dividend declared for 2019	—	—	—	(250,086)	(250,086)
At December 31, 2020	34	830,545	46,555	(341,847)	535,287

46. Comparative amounts

Certain comparative amounts have been reclassified to conform with the current year's presentation.

47. Approval of the financial statements

The financial statements were approved and authorized for issue by the board of directors of the Company on March 29, 2022.

Definitions

"Annual General Meeting"	the forthcoming annual general meeting of the Company to be held on April 29, 2022
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix 14 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 Group"	a group of individuals collectively and indirectly holding 45.96% of equity interest in our Company as at the Latest Practicable Date, namely Mr. Wang Xuning, Mr. Zhu Hongtao, Mr. Zhu Zechun, Ms. Yang Ningning, Ms. Huang Shuling, Ms. Han Run, and Mr. Jiang Guangyong
"Director(s)"	director(s) of the Company
"Global Offering"	the offer of the Shares for subscription as described in the section headed "Structure of the Global Offering" in the Prospectus
"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 1, 2022, 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
"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 10 of the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the prospectus of the Company dated December 9, 2019 in connection with the Global Offering
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2021
"RMB"	the lawful currency of the PRC
"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

Definitions

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai Lihong"	Shanghai Lihong Enterprise Management Limited (上海力鴻企業管理有限公司), a company incorporated in the PRC and a subsidiary of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of US$0.00001 each in the share capital of our Company
"SharkNinja SPV"	SharkNinja Global SPV, Ltd. (formerly known as Compass Cayman SPV, Ltd.), an exempted company incorporated under the laws of the Cayman Islands on June 27, 2017, and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	the lawful currency of the United States
"%"	per cent

JS Global