JS Global Lifestyle Company Limited
JS 环球生活有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1691)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL HIGHLIGHTS OF THE 2020 ANNUAL RESULTS ANNOUNCEMENT

- Total revenue of the Group was approximately US$4,195.8 million, representing a year-on-year increase of approximately 39.1%;

- Gross profit was approximately US$1,742.8 million, a year-on-year increase of approximately 54.7%;

- Profit for the year ended December 31, 2020 was approximately US$402.3 million, a year-on-year increase of approximately 372.2%;

- Profit attributable to owners of the parent for the year ended December 31, 2020 increased by 718.1% year-on-year to approximately US$344.4 million;

- EBITDA for the year ended December 31, 2020 increased by 141.7% year-on-year to approximately US$701.0 million;

- Adjusted EBITDA for the year ended December 31, 2020 increased by 63.5% year-on-year to approximately US$662.9 million;

- The Board resolved to propose a final dividend of HK$0.2661 (equivalent to approximately US$0.0343) per share for the year 2020.

The board (the "**Board**") of directors (the "**Directors**") of JS Global Lifestyle Company Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2020 (the "**Reporting Period**").

FINANCIAL INFORMATION

The financial information below is an extract of the consolidated financial statements of the Group for the year ended December 31, 2020:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2020

	Notes	**2020** ***US$'000***	2019 *US$'000*
REVENUE	*4*	**4,195,816**	3,016,094
Cost of sales		**(2,453,030)**	(1,889,568)
Gross profit		**1,742,786**	1,126,526
Other income and gains	*5*	**71,220**	28,621
Selling and distribution expenses		**(695,517)**	(506,795)
Administrative expenses		**(487,349)**	(415,630)
Impairment losses on financial assets		**(12,602)**	(1,627)
Other expenses		**(11,111)**	(30,849)
Finance costs	*7*	**(80,493)**	(83,716)
Share of profits and losses of associates		**(159)**	2,450
PROFIT BEFORE TAX	*6*	**526,775**	118,980
Income tax expense	*8*	**(124,469)**	(33,803)
PROFIT FOR THE YEAR		**402,306**	85,177
Attributable to:			
Owners of the parent		**344,430**	42,134
Non-controlling interests		**57,876**	43,043
		402,306	85,177
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
— Basic		**US10.4 cents**	US1.9 cents
— Diluted		**US10.3 cents**	US1.9 cents

	2020	2019
	US$'000	*US$'000*
PROFIT FOR THE YEAR	**402,306**	85,177
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**54,109**	(4,129)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**54,109**	(4,129)
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	**608**	923
Income tax effect	**(188)**	(266)
	420	657
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**420**	657
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**54,529**	(3,472)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**456,835**	81,705
Attributable to:		
Owners of the parent	**380,344**	38,069
Non-controlling interests	**76,491**	43,636
	456,835	81,705

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020

	Notes	2020 US$'000	2019 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**208,432**	206,617
Investment properties		**16,231**	25,788
Prepaid land lease payments		**16,212**	15,588
Right-of-use assets		**68,673**	56,695
Goodwill	*11*	**848,238**	839,767
Other intangible assets		**562,447**	548,830
Investments in associates		**26,688**	35,606
Financial assets at fair value through profit or loss		**73,719**	58,677
Financial assets designated at fair value through other comprehensive income		**40,023**	38,318
Deferred tax assets		**60,970**	44,895
Pledged deposits		**—**	114,913
Other non-current assets		**18,761**	13,725
Total non-current assets		**1,940,394**	1,999,419
CURRENT ASSETS			
Inventories	*12*	**575,497**	393,081
Trade and bills receivables	*13*	**1,203,531**	804,250
Prepayments, other receivables and other assets		**121,364**	67,793
Financial assets at fair value through profit or loss		**209,405**	25,811
Pledged deposits		**33,107**	63,122
Cash and cash equivalents		**570,810**	421,316
Total current assets		**2,713,714**	1,775,373

	Notes	**2020**	2019
		US$'000	*US$'000*
CURRENT LIABILITIES			
Trade and bills payables	*14*	**885,345**	530,137
Other payables and accruals		**642,638**	411,046
Interest-bearing bank borrowings	*15*	**46,571**	26,176
Lease liabilities		**15,272**	9,450
Tax payable		**28,033**	13,649
Total current liabilities		**1,617,859**	990,458
NET CURRENT ASSETS		**1,095,855**	784,915
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,036,249**	2,784,334
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*15*	**892,845**	1,049,119
Lease liabilities		**60,919**	52,777
Deferred tax liabilities		**146,651**	133,787
Other non-current liabilities		**15,467**	15,290
Total non-current liabilities		**1,115,882**	1,250,973
Net assets		**1,920,367**	1,533,361
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*16*	**34**	33
Share premium		**1,062,659**	923,911
Capital reserve		**69,538**	69,415
Reserves		**479,547**	294,462
		1,611,778	1,287,821
Non-controlling interests		**308,589**	245,540
Total equity		**1,920,367**	1,533,361

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended December 31, 2020

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, manufacture, marketing, export and distribution of small kitchen electrical appliances under the brand of "**Joyoung**".

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

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is JS Holding Limited Partnership ("**JS Holding**"), which is incorporated in the Cayman Islands.

2. 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 International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for the accounting period commencing from January 1, 2019, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the consolidated financial statements. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial liabilities associated with the put option which have been measured at fair value. These financial statements are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

3. OPERATING SEGMENT INFORMATION

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

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

(b) 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.

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.

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 4)*			**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 losses recognized in profit or loss	**3,114**	**12,695**	**15,809**
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**

Year ended December 31, 2019

	Joyoung *US$'000*	SharkNinja *US$'000*	Total *US$'000*
Segment revenue			
Sales to external customers	1,279,984	1,736,110	3,016,094
Intersegment sales	55,348	12,496	67,844
	1,335,332	1,748,606	3,083,938
Reconciliation:			
Elimination of intersegment sales			(67,844)
Revenue *(note 4)*			3,016,094
Segment results	133,749	99,976	233,725
Reconciliation:			
Interest income			2,175
Exchange losses			(1,741)
Unallocated income			1,684
Finance costs			(78,001)
Corporate and other unallocated expenses			(38,862)
Profit before tax			118,980
Other segment information			
Share of profits and losses of associates	2,450	—	2,450
Impairment losses recognized in profit or loss	(736)	2,522	1,786
Depreciation and amortization	15,313	77,860	93,173
Interest income	3,621	136	3,757
Finance costs	3,056	2,659	5,715
Investments in associates	35,606	—	35,606
Capital expenditure*	18,560	76,876	95,436

* 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.

Geographical information

(a) *Revenue from external customers*

	2020	2019
	US$'000	*US$'000*
Mainland China	**1,438,520**	1,270,440
North America	**2,209,960**	1,457,781
Europe	**451,272**	221,654
Other countries/regions	**96,064**	66,219
	4,195,816	3,016,094

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

(b) *Non-current assets*

	2020	2019
	US$'000	*US$'000*
Mainland China	**162,442**	152,890
North America	**693,162**	680,652
Europe	**5,281**	5,988
Other countries/regions	**11,110**	13,988
	871,995	853,518

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, intangible assets other than goodwill.

Information about a major customer

The major customer which contributed more than 10% of total revenue of the Group for the years ended December 31, 2020 is listed below:

	2020
	%
Customer A	**10.9**

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, 2020 and 2019.

4. REVENUE

An analysis of revenue is as follows:

	2020	2019
	US$'000	*US$'000*
Revenue from contracts with customers		
Sale of goods and provision of extended warranties	**4,195,816**	3,016,094

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2020	2019
	US$'000	*US$'000*
Geographical markets		
Mainland China	**1,438,520**	1,270,440
North America	**2,209,960**	1,457,781
Europe	**451,272**	221,654
Other countries/regions	**96,064**	66,219
Total revenue from contracts with customers	**4,195,816**	3,016,094

	2020	2019
	US$'000	*US$'000*
Timing of revenue recognition		
Goods transferred at a point in time	**4,195,269**	3,015,532
Services transferred over time	**547**	562
Total revenue from contracts with customers	**4,195,816**	3,016,094

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:

	2020	2019
	US$'000	*US$'000*
Sale of goods and provision of extended warranties	**53,386**	60,668

(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:

	2020	2019
	US$'000	*US$'000*
Amounts expected to be recognized as revenue:		
Within one year	**81,394**	53,386
More than one year	**2,267**	1,385
	83,661	54,771

5. OTHER INCOME AND GAINS

	2020 *US$'000*	2019 *US$'000*
Other income		
Bank interest income	**11,182**	5,932
Net rental income from investment property operating leases	**1,738**	1,805
Government grants	**8,726**	8,115
Others	**1,124**	1,261
	22,770	17,113
Gains		
Gain on disposal of items of property, plant and equipment	**36**	93
Gain on disposal of an investment property	**23,405**	—
Gain on financial assets at fair value through profit or loss, net	**23,238**	8,101
Loss on disposal of associates, net	**(939)**	—
Others	**2,710**	3,314
	48,450	11,508
	71,220	28,621

6. PROFIT BEFORE TAX

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

	2020 *US$'000*	2019 *US$'000*
Cost of inventories sold	**2,453,030**	1,889,568
Depreciation of property, plant and equipment	**62,507**	52,823
Depreciation of investment properties	**2,023**	2,130
Depreciation of right-of-use assets	**16,402**	14,855
Amortization of prepaid land lease payments	**398**	397
Amortization of other intangible assets (excluding capitalized development costs)*	**21,353**	20,097
Research and development costs:		
Amortization of capitalized development costs	**2,235**	2,893
Current year expenditure	**161,031**	133,548
	163,266	136,441
Lease payments not included in the measurement of lease liabilities	**2,454**	4,683
Auditor's remuneration	**1,733**	1,346
Listing expenses	**—**	21,394
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**303,662**	252,405
Equity-settled share award expense	**20,086**	19,672
Pension scheme contributions	**7,922**	8,167
	331,670	280,244

	2020	2019
	US$'000	*US$'000*
Foreign exchange differences, net	**9,048**	141
Changes in carrying amount of financial liabilities associated with put option**	**—**	29,005
Impairment of inventories	**3,207**	159
Impairment of financial assets, net:		
Impairment of trade receivables, net	**11,385**	2,800
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets	**1,217**	(1,173)
	12,602	1,627
Product warranty provision:		
Additional provision	**24,061**	12,414
Gain on disposal of items of property, plant and equipment	**(36)**	(93)
Gain on disposal of an investment property	**(23,405)**	—
Gain on financial assets at fair value through profit or loss, net	**(23,238)**	(8,101)
Loss on disposal of associates, net	**939**	—
Government grants***	**(8,726)**	(8,115)

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.

** Financial liabilities associated with put option were derecognized upon the expiry of the option in 2019.

*** 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 recognised as deferred income and included in other payables in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	US$'000	*US$'000*
Interest on bank loans	**36,528**	62,250
Interest on lease liabilities	**3,174**	2,996
Amortization of deferred finance costs	**34,347**	13,589
Other finance costs	**6,444**	4,881
	80,493	83,716

8. INCOME TAX

	2020	2019
	US$'000	*US$'000*
Current income tax charge/(credit):		
In Mainland China	**13,046**	18,382
In the United States	**86,562**	14,544
In Hong Kong	**14,999**	3,013
In the United Kingdom	**315**	(3,835)
Elsewhere	**464**	244
Deferred income tax:		
In Mainland China	**18,125**	2,397
In the United States	**(9,042)**	(942)
Total tax charge for the year	**124,469**	33,803

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% (2019: 25%) on their respective taxable income. During the year, five (2019: one) of the Group's entities obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates or corporate income tax exemptions.

The US income tax includes (a) federal income tax calculated at a fixed rate of 21% for the year ended December 31, 2020 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% (2019: 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 (2019: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 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.

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:

2020

	Mainland China		The United States		Hong Kong		The United Kingdom		Others		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'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)	0.7	(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	—	—	433	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	(0.9)	124,469	23.6

2019

	Mainland China		The United States		Hong Kong		The United Kingdom		Others		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Profit/(loss) before tax	130,637		43,705		3,316		(14,083)		(44,595)		118,980	
Tax at the statutory tax rates	32,659	25.0	9,178	21.0	547	16.5	(2,676)	19.0	832	(1.9)	40,540	34.1
(Lower)/higher tax charges for specific provinces or enacted by local authority	(10,480)	(8.0)	2,909	6.7	—	—	—	—	(689)	1.5	(8,260)	(6.9)
Effect of withholding tax on the distributable profits of Group's PRC subsidiaries	1,962	1.5	—	—	—	—	—	—	—	—	1,962	1.6
Effect on opening deferred tax of decrease in tax rates	—	—	—	—	—	—	(374)	2.7	—	—	(374)	(0.3)
Adjustments in respect of current tax of prior years	(154)	(0.1)	—	—	—	—	—	—	—	—	(154)	(0.1)
Expenses not deductible for tax	1,981	1.5	6,539	15.0	—	—	—	—	—	—	8,520	7.2
Income not subject to tax	—	—	(1,958)	(4.5)	2	0.1	(447)	3.2	101	—	(2,302)	(1.9)
Profits and losses attributable to associates	(612)	(0.5)	—	—	—	—	—	—	—	—	(612)	(0.5)
Super deduction on research and development costs	(5,535)	(4.2)	(3,066)	(7.0)	—	—	(338)	2.4	—	—	(8,939)	(7.5)
Tax losses utilized from previous years	(660)	(0.5)	—	—	(679)	(20.5)	—	—	—	—	(1,339)	(1.1)
Tax losses not recognized	1,618	1.2	—	—	3,143	94.8	—	—	—	—	4,761	4.0
Tax charge/(credit) at the Group's effective tax rate	20,779	15.9	13,602	31.2	3,013	90.9	(3,835)	27.3	244	(0.4)	33,803	28.6

The share of tax attributable to associates amounting to US$40,000 (2019: US$612,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

9. DIVIDENDS

	2020	2019
	US$'000	*US$'000*
Proposed special dividend — US$ nil (2019: US$0.0734) per ordinary share	**—**	250,068
Proposed final dividend — HK$0.2661 (equivalent to US$0.0343) (2019: US$ nil) per ordinary share	**120,000**	—
	120,000	250,068

The proposed final dividend for the year were approved by the board of directors of the Company on March 31, 2021.

10. 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 3,305,567,000 (2019: 2,263,127,000) shares in issue during the year, as adjusted to reflect the shares subdivision in 2019.

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.

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

	2020 ***US$'000***	2019 *US$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**344,430**	42,134
Effect of dilution — impact arising from the share award scheme of Joyoung Co., Ltd.	**(185)**	(134)
	344,245	42,000

	Number of shares **2020** ***'000***	Number of shares 2019 *'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,305,567**	2,263,127
Effect of dilution — weighted average number of ordinary shares:		
Share award scheme	**45,345**	6,701
	3,350,912	2,269,828

11. GOODWILL

	2020 ***US$'000***	2019 *US$'000*
Goodwill at January 1	**839,767**	839,767
Acquisition of a subsidiary	**8,471**	—
Less: provision for impairment	**—**	—
Goodwill at December 31	**848,238**	839,767

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 carrying amount of goodwill arose from the acquisition of Qfeeltech (Beijing) Co., Limited ("**Qfeeltech**") during the year ended December 31, 2020 has been allocated to the CGU of SharkNinja Global.

The Group performed its annual impairment test as at December 31, 2020. 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, 2020, and corroborated by the market approach. The discount rate applied to the cash flow projections is 11% (2019: 16%). The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 3% (2019: 3%).

Assumptions were used in the value in use calculation of the SharkNinja Global CGU at December 31, 2020. 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 average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

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

Expenses — The value assigned to the key assumptions reflects past experience and management's commitment to maintain the SharkNinja Global CGU's operating expenses to an acceptable level.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Based on the result of the impairment test on the SharkNinja Global CGU, the estimated recoverable amount of the SharkNinja Global CGU exceeded its carrying amount by US$3,918 million (2019: US$240 million) as at December 31, 2020.

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:

	2020	2019
	US$'000	*US$'000*
Five-year period growth rate increased by 5%	**171,593**	54,108
Five-year period growth rate decreased by 5%	**(153,208)**	(52,670)
Discount rate decreased by 5%	**461,184**	130,944
Discount rate increased by 5%	**(390,141)**	(115,292)

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.

12. INVENTORIES

	2020	2019
	US$'000	*US$'000*
Raw materials	**22,053**	37,816
Finished goods	**559,521**	358,111
Less: Impairment	**(6,077)**	(2,846)
	575,497	393,081

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

	2020	2019
	US$'000	*US$'000*
At the beginning of the year	**2,846**	2,692
Impairment losses	**3,207**	159
Exchange realignment	**24**	(5)
At the end of the year	**6,077**	2,846

13. TRADE AND BILLS RECEIVABLES

	2020	2019
	US$'000	*US$'000*
Bills receivable	**406,766**	332,011
Trade receivables	**803,389**	476,316
Less: Impairment	**(6,624)**	(4,077)
	1,203,531	804,250

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 are amounts due from the Group's associates of US$12,470,000 (2019: US$12,692,000) as at December 31, 2020, 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:

	2020	2019
	US$'000	*US$'000*
Within 6 months	**1,194,320**	801,206
6 months to 1 year	**7,902**	2,227
1 to 2 years	**917**	817
Over 2 years	**392**	—
	1,203,531	804,250

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

	2020	2019
	US$'000	*US$'000*
As at the beginning of the year	**4,077**	3,496
Impairment losses, net	**11,385**	2,800
Amount written off as uncollectible	**(8,838)**	(2,219)
As at the end of the year	**6,624**	4,077

As at December 31, 2020 and 2019, 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, 2020, the amount of individually assessed provision was US$2,288,000 (2019: US$1,848,000). 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, 2020

	Past due				
	1 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**

At December 31,2019

	Past due				
	1 to 6 months	**7 to 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	0.13%	27.10%	48.39%	100%	
Gross carrying amount (US$'000)	468,092	1,048	1,583	564	471,287
Expected credit losses (US$'000)	615	284	766	564	2,229

14. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	US$'000	*US$'000*
Within 1 year	**884,641**	529,604
1 to 2 years	**704**	533
	885,345	530,137

Included in the trade and bills payables are trade payables of US$42,178,000 (2019: US$36,564,000) 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$33,107,000 (2019: US$63,122,000) as at December 31, 2020, and secured by bills receivable of the Group of US$171,138,000 (2019: US$89,964,000) as at December 31, 2020.

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

15. INTEREST-BEARING BANK BORROWINGS

	December 31, 2020			December 31, 2019		
	Interest rate			Interest rate		
	(%)	**Maturity**	***US$'000***	*(%)*	Maturity	*US$'000*
Current						
Bank loans — secured (a)	**1.56+LIBOR**	**2021**	**34,718**	3.25+LIBOR	2020	26,176
Bank loans — secured (a)	**1.80+LIBOR**	**2021**	**11,853**			—
			46,571			26,176
Non-current						
Bank loans — secured (a)	**1.80+LIBOR**	**2022–2025**	**485,096**	1.20+HIBOR	2022	113,579
Bank loans — secured (a)	**1.56+LIBOR**	**2022–2025**	**407,749**	3.25+LIBOR	2021–2022	167,667
Bank loans — secured			**—**	4.00+LIBOR	2022–2024	420,966
Bank loans — secured			**—**	2.75+LIBOR	2022	64,841
Bank loans — secured			**—**	1.60+LIBOR	2021–2024	282,066
			892,845			1,049,119
			939,416			1,075,295

	December 31, 2020	December 31, 2019
	US$'000	*US$'000*
Analyzed into:		
Bank loans repayable:		
Within one year or on demand	**46,571**	26,176
In the second year	**84,412**	109,521
In the third to fifth years, inclusive	**808,433**	939,598
	939,416	1,075,295

Notes:

(a) The bank loans are secured by:

(i) The pledge of 307,618,897 (2019: 339,272,626) shares of Joyoung Co., Ltd. as at December 31, 2020;

(ii) The total shares in Shanghai Lihong Enterprise Management Company Limited ("**Shanghai Lihong**") held by JS Global Trading HK Limited;

(iii) The total shares in Shanghai Lihong held by Easy Appliance Limited;

(iv) Certain of the Group's assets amounting to US$2,228,813,000 (2019: US$1,416,746,000) as at December 31, 2020; and

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

	Percentage of equity interests
Global Appliance LLC	100%
Euro-Pro Holdco, 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%
Global Appliance 1 Limited	100%
Global Appliance 2 Limited	100%
SharkNinja Global SPV, Ltd.	100%
SharkNinja Global SPV 2 Limited	100%
Bilting Developments Limited	100%
Xiang Hong Company 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$250,000,000 (2019: US$141,046,000) as at December 31, 2020.

16. ISSUED CAPITAL

	Notes	**2020** **US$'000**	2019 *US$'000*
Authorized:			
5,000,000,000 (2019: 5,000,000,000) ordinary shares of US$0.00001 each	*(i)(ii)*	**50**	50
Issued and fully paid:			
3,489,112,277 (2019: 3,407,172,677) ordinary shares of US$0.00001 each	*(iii)-(vi)*	**34**	33

	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		**3,489,112,277.00**	**34**

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.

(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 cancelled, 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.

17. BUSINESS COMBINATION

In April 2020, SharkNinja Venus, a subsidiary of the Group, had accumulatively acquired a 59.71% interest in Qfeeltech from a third party. Qfeeltech 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 in the form of cash, with RMB124,576,000 (equivalent to US$18,000,000) paid by the acquisition date.

The Group has elected to measure the non-controlling interests in Qfeeltech at the acquisition-date fair value. The fair values of the identifiable assets and liabilities of Qfeeltech as at the date of acquisition were as follows:

	Fair value recognized on acquisition *US$'000*
Property, plant and equipment	98
Other intangible assets	21,420
Other non-current assets	137
Inventories	593
Cash and cash equivalents	1,140
Trade receivables	211
Prepayments, other receivables and other assets	800
Deferred tax assets	1,463
Trade payables	(302)
Other payables and accruals	(818)
Deferred tax liabilities	(3,213)
Total identifiable net assets at fair value	21,529
Non-controlling interests	(12,000)
Goodwill on acquisition	8,471
Satisfied by cash	18,000

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to US$211,000 and US$147,000, respectively. The gross contractual amounts of trade receivables and other receivables were US$211,000 and US$147,000, respectively, of which no receivables are expected to be uncollectible.

The Group incurred transaction costs of US$263,000 for the acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

Included in the goodwill of US$8,471,000 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	(18,000)
Cash and bank balances acquired	1,140
Net outflow of cash and cash equivalents included in cash flows from investing activities	(16,860)

Since the acquisition, Qfeeltech contributed nil to the Group's revenue and US$358,000 to the consolidated profit from the acquisition date to December 31,2020.

Had the combination taken place at the beginning of the year, the revenue from operations of the Group and the profit of the Group for the year would have been US$4,195,816,000 and US$525,577,000, respectively.

In accordance with the terms of the purchase agreement, the Group acquires Qfeeltech in steps. Subsequent to the acquisition date, the Group acquired an additional 12.09% ownership of Qfeeltech with RMB23,950,000 (equivalent to US$3,540,000) consideration paid. The Group has acquired 71.8% interest in Qfeeltech as at December 31, 2020. The Group expects to pay no more than RMB61,474,000 (equivalent to US$8,460,000) to acquire the remaining 28.2% ownership in future periods.

18. EVENTS AFTER THE REPORTING PERIOD

On January 18, 2021, a total of 9,224,347 RSUs were granted to six participants of the Company pursuant to the RSU Plan, which were partly sourced from the issuance of 5,500,000 new shares.

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.

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 omni-channel sales network. They are supported by the operational infrastructure of the Group, including a global research and development platform which utilizes consumers engagement to amass information on consumers 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 innovative small household appliances under the brand name of Joyoung prior to the acquisition of SharkNinja in September 2017 and have expanded our business significantly since then, operating 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 a number of 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.

The United States

The SharkNinja segment's U.S. business continued to thrive, bolstered by the new products launched in 2020. Under the Shark brand, consumers continued to show their excitement for our products including our new Vertex corded and cordless vacuums with self-cleaning PowerFin technology, advanced navigation robotic vacuums including the new Shark AI VACMOP robot vacuum, and the new Shark VACMOP (Shark 吸拖一體機), all of which were launched in 2020.

The Shark VacMop 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. The VacMop has received broad support from retailers in the U.S. and has been well received by consumers as well since its launch in early 2020. The product has become a best seller in retailers' floor care departments and has generated record setting sell-outs during television direct sales airings.

For our Ninja brand, core growth in our heated kitchen and blender categories was bolstered by successful additions across the Foodi series of products launched in 2020 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 have launched in 2018 and 2019 to accelerate the strong growth trend across the entire Ninja Foodi series.

In 2020, in addition to the positive results from our new product launches, we have also seen an increase in demand for our products as a result of the circumstances created by the novel coronavirus ("**COVID-19**"). We saw an accelerating shift of consumers from offline to online in the America. SharkNinja has been able to take advantage of this shift in buying preferences by leveraging its omni-channel distribution capabilities, our relationships with North American retailers (such as Walmart, Amazon and Target) and the adaptability to promptly respond to changes in supply chain dynamics and consumer behavior. As consumers' buying preferences transitioned from offline channels to online channels, the proportion of sales on retailers' online platforms and those dedicated solely to the online channel increased. This reinforced our omni-channel approach to distribution, ensuring that we were able to support consumer demand, which remained strong due to our innovative new products as well as increased usage of cooking and cleaning products driven by the 'stay at home economy' born out of the pandemic.

China

In 2020, Joyoung segment achieved stable revenue growth by leveraging its strength in digital marketing, live stream shopping as well as optimizing operation efficiency. Also, the revenue growth is driven by deeper market penetration and successful launch of a series of hit products, such as Y3 wash-free high-performance multifunctional blender (Y3 不用手洗破壁機), K780 wash-free soymilk maker (K780 不用手洗豆漿機), S1 multifunctional steam cooker (S1 多功能蒸汽飯煲), air fryer and cookware series, which were well received by the market. Meanwhile, the advantage of the e-commerce channel exhibited even further during the pandemic, and the Company further improved the popularity of Joyoung among younger generations by utilizing IP and brand crossover collaboration, including with Line Friends, Pokémon and Heytea via capturing the opportunities brought by short video. At the same time, the interaction with consumers in the offline channel became much more frequent as digital marketing is applied to offline business as well.

In addition, the launch of steam mops and electric mops under the Shark brand in China has achieved strong results as consumers' demand for disinfection and sterilization increased as a result of the COVID-19 pandemic. Meanwhile, revenue from the e-commerce channel recorded a significant increase. The steam mops and electric mops under the Shark brand continued to take the top spot on online sales platforms as a whole.

Europe

In 2020, the SharkNinja segment of the Group achieved strong performance in the U.K., mainly driven by taking additional market share of cordless stick and upright vacuums. The Foodi series also successfully established its presence in the U.K. in 2020 and the SharkNinja segment also launched into Germany and France in 2020, which is expected to help drive additional future growth.

Currently, the Shark brand ranks first in the United Kingdom market in terms of market share of the vacuum category which reached 36.9% according to Frost & Sullivan. Shark's dominance in the U.K. market is a result of its consumer-focused R&D process combined with its ability to successfully commercialize quality products designed specifically for the United Kingdom consumers.

Other Markets

In 2020, the Group also reported strong growth in other markets including Japan, aided by the launch of the new EVOPOWER System which can be used as a lightweight cordless stick vacuum or as a handheld vacuum.

INDUSTRY OVERVIEW

In 2020, China's online retail sales grew to RMB11.76 trillion and recorded a year-on-year growth of 10.3% (source: National Bureau of Statistics). In particular, the online retail sales of physical goods amounted to RMB9.76 trillion, accounting for 24.9% of the total retail sales of social consumer goods. According to the information disclosed by the U.S. Census Bureau, online retail sales in the U.S. grew to US$371.9 billion and recorded year-on-year growth of 30.0% in the first half of 2020.

Market competition intensified under the changes to the global market environment, the economic slowdown and the rapid consumer demand conversion. The severe health and economic conditions set higher requirements to enterprises' innovation and management ability, and while opportunities co-existed with challenges, the environment was favorable for agile enterprises which were able to adapt to the changing market landscape.

In 2020, the Group responded quickly to the macro circumstances and consumer behavior by successfully launching new products to satisfy consumers' demand for cooking and cleaning. According to Frost & Sullivan, as of December 31, 2020, the Group ranked the fifth in the global small household appliance market. Despite the pressure and challenges, China and the U.S. remain the world's largest and most attractive small household appliance markets.

The United States

Real GDP decreased 3.5 percent in 2020 (from the 2019 annual level to the 2020 annual level), compared with an increase of 2.2 percent in 2019 (source: U.S. Census Bureau). Despite the economic decline, according to Frost & Sullivan, the U.S. small home appliance market is expected to grow by 2.3% in 2021.

The COVID-19 public health crisis has disrupted U.S. consumers' lives and their shopping patterns. Families have decided to sit down and take time to eat, and more labor-intensive foods have grown. As a global high-quality small household appliance supplier, the Company maintains stable market shares in food preparation appliances, cooking appliances, home environment appliances (including cleaning appliances). According to Frost & Sullivan, classified by product category, the SharkNinja segment of the Company ranked the first, the first, the first and the second to respectively, in the categories of vacuums, multifunctional cooker, high-performance multi-functional blender and robotic vacuums as of December 31, 2020.

With improving e-commerce penetration and the emergence of smart technology, the U.S. market embraces products with innovative technology, multiple functions and appealing exterior designs. The emerging online platforms thus provide new distribution channels for the small household appliance industry, and leading enterprises that can effectively take advantage of online platforms are expected to seize new growth opportunities. According to the Frost & Sullivan industry report, the U.S. online penetration will increase from approximately 18.6% to approximately 21.7% from 2019 to 2024.

China

China's economy gradually overcame the negative impact of COVID-19 in 2020. According to the National Bureau of Statistics, China's 2020 GDP exceeded RMB100 trillion for the first time, representing a year-on-year growth of 2.3% with a V-shaped rebound. China was the only major economy in the world to achieve positive growth.

With the coming of the 5G era, the huge spending power and the consumption transition, China remains the fastest growing small household appliance market with the fastest growth currently (Frost & Sullivan).

Facing fierce competition in the market, increasing disposable income of Chinese consumers and the trend of premiumization are creating dramatic changes in the consumption behavior in Chinese consumers. Small household appliances including soymilk makers, smart cookers and robotic vacuums are entering people's kitchens and living rooms. The consumption upgrade also leads to the trend of product premiumization and branding. In the meantime, the emergence of new retail channel in China disrupts the traditional consumer experience, and the online channel becomes a new racing track. The number of internet users in China had reached 854,000,000 in December 2020 with the internet penetration rate of 70.4%. According to the Frost & Sullivan industry report, the online penetration of China's small household appliance market will increase from approximately 69.9% in 2020 to approximately 77.9% in 2025. The Joyoung segment of the Group ranked the first, the first and the third respectively in the categories of soymilk maker, high-performance multi-functional blender and rice cooker.

Europe

Similar to the U.S. small household appliance market, the European market is showing a noticeable change in the 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. According to the Frost & Sullivan industry report, the market share of SharkNinja in the United Kingdom vacuum market is currently 36.9%, ranking first.

The increases in disposable income levels and the continuous improvements in product quality and designs lead to an increase in consumer demand for premium and high value-added appliances.

FINANCIAL REVIEW

Overall performance

During the year ended December 31, 2020, the total revenue of the Group was US$4,195.8 million, a year-on-year increase of 39.1%. Gross profit was US$1,742.8 million, a year-on-year increase of 54.7%. Gross profit margin was 41.5%, an increase of 4.1 percentage points compared to 37.4% in 2019. Profit for the year ended December 31, 2020 increased significantly by 372.2% year-on-year to approximately US$402.3 million. EBITDA[1] for the year ended December 31, 2020 increased by 141.7% year-on-year to approximately US$701.0 million and adjusted EBITDA[2] for the year ended December 31, 2020 increased by 63.5% year-on-year to approximately US$662.9 million. Adjusted net profit[3] for the year ended December 31, 2020 increased by 79.2% year-on-year to approximately US$419.2 million. Profit attributable to owners of the parent increased by approximately 718.1% year-on-year to approximately US$344.4 million. The Board recommends the payment of a final dividend of HK$0.2661 (equivalent to approximately US$0.0343) per share.

Revenue

For the year ended December 31, 2020, the Group recorded a total revenue of US$4,195.8 million (2019: US$3,016.1 million), representing a year-on-year increase of 39.1%.

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

	For the year ended December 31,			
	2020		2019	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
Joyoung segment	**1,463.1**	**34.9**	1,280.0	42.4
SharkNinja segment	**2,732.7**	**65.1**	1,736.1	57.6
Total	**4,195.8**	**100.0**	3,016.1	100.0

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

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

2 For a reconciliation of EBITDA for the year ended December 31, 2020 to adjusted EBITDA as defined, see "— Non-IFRS Measures" below.

3 Adjusted net profit is defined as profit for the year adjusted for certain items that do not affect the Company's ongoing operating performance, including items arising from acquisition and relating to the reorganization in preparation for the global offering 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.

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$2,732.7 million (2019: US$1,736.1 million), up by 57.4% year-on-year, and accounting for 65.1% of the total revenue of the Group; revenue from the Joyoung segment was US$1,463.1 million (2019: US$1,280.0 million), up by 14.3% year-on-year, and accounting for approximately 34.9% of the total revenue of the Group.

The revenue growth of the SharkNinja segment was attributable to the strong sales performance across all categories, in particular, significant growth was recorded in categories like heated kitchen appliances, such as the Foodi series, including Ninja Foodi grills, pressure cookers, blenders and food processors, as well as Shark cordless vacuums, corded vacuums and robotic vacuums. The strength of SharkNinja's product launches in the second half of 2019 and in 2020, coupled with increased demand resulting from the stay at home economy derived from the COVID-19 pandemic, has led to extremely strong growth from both retailers and consumers alike. At the same time, driven by the strong sales of the United Kingdom, the European market grew rapidly. SharkNinja also successfully expanded into the German and French markets in 2020, and grew its Japanese business through an expanded product portfolio led by lightweight cordless vacuums.

In 2020, the increase in revenue of the Joyoung segment was mainly attributable to its user-centric and demand-oriented strategy, introducing a series of innovative as well as adorable and stylish products targeting young people to the market. In addition, it grasped the opportunities from the growing trend of online live streaming in the PRC market, and actively explored marketing channels such as new retail.

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

	For the year ended December 31,			
	2020		2019	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
Shark	**1,706.4**	**40.7**	1,144.1	37.9
Ninja	**1,061.2**	**25.3**	606.7	20.1
Joyoung	**1,428.2**	**34.0**	1,265.3	42.0
Total	**4,195.8**	**100.0**	3,016.1	100.0

For the year ended December 31, 2020, the revenue contributed by the Shark brand was US$1,706.4 million (2019: US$1,144.1 million), representing a year-on-year increase of approximately 49.1%. The increase was attributable to the technological upgrade of SharkNinja's robotic vacuums, the introduction of VACMOP and other new cordless stick vacuums and upright vacuums, plus sales of the Shark brand in China which increased from US$14.6 million in 2019 to US$34.9 million in 2020.

For the year ended December 31, 2020, the revenue contributed by the Ninja brand was US$1,061.2 million (2019: US$606.7 million), representing a year-on-year increase of approximately 74.9%. The increase in sales of the Ninja brand were driven by the substantial increase in the Company's assortment of heated cooking appliances, in addition to the strong sales of blenders and food processors. New products introduced under the Ninja brand in 2020 include the Ninja Foodi Power Blender and Processor which has variable speed control 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.

For the year ended December 31, 2020, the revenue contributed by the Joyoung brand was US$1,428.2 million (2019: US$1,265.3 million), representing a year-on-year increase of approximately 12.9%. The increase was primarily attributable to the increasing demand for and standard of cooking appliance as people's health awareness has been strengthened. In particular, the healthy cooking products were well received by consumers, including the new SKY series which were launched in 2019 and well recognized by the market, and stylish products which are popular among the young consumers, such as S-series steam rice cookers, K-series wash-free soymilk maker and Y-series wash-free high-performance multi-functional blender. In addition, the online channels grew rapidly as affected by the COVID-19 in 2020.

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

	For the year ended December 31,			
	2020		2019	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
China	**1,438.5**	**34.3**	1,270.4	42.1
North America	**2,210.0**	**52.7**	1,457.8	48.3
Europe	**451.3**	**10.8**	221.7	7.4
Other markets	**96.0**	**2.2**	66.2	2.2
Total	**4,195.8**	**100.0**	3,016.1	100.0

Sales growth in China in 2020 was mainly due to the launch of a series of popular new products in response to the demand of consumers for health and cooking at home during the epidemic to meet the needs of different levels of consumers, and the active exploration of emerging sales and communication channels such as new retail and online live streaming, which were well received by consumers and received good market feedback.

Sales growth in North America in 2020 was mainly due to the successful launch of a series of new products, such as Ninja Foodi series of cooking appliances and Shark cleaning appliances. At the same time, we capitalized on the trend of changing shopping habits of consumers during the epidemic and increased our investment in the e-commerce channel which saw significant growth.

Strong revenue growth in Europe in 2020 was primarily due to the continuously increasing market share of cordless and corded vacuums in the United Kingdom. We have successfully secured additional product placements at key retailers in the United Kingdom as the strength of our brands and reputation for our products continued to grow in that market. We have also grown our direct to consumer sales through the use of digital advertising. We launched the Ninja Foodi series of products in the European market, which also contributed to the growth in that market. Meanwhile, we successfully expanded into markets in Germany and France in 2020.

Sales growth in other markets in 2020 came primarily in Japan, where we launched our business in 2018. We had previously relied on distributors in Japan, but in 2018 we hired our own sales and marketing team and set up an operations infrastructure. Sales in Japan have mainly come from cordless stick vacuums and cordless handheld vacuums to date.

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

	For the year ended December 31,			
	2020		2019	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
Cleaning appliances	**1,699.7**	**40.5**	1,130.3	37.5
Food preparation appliances	**990.3**	**23.6**	810.1	26.9
Cooking appliances	**1,317.3**	**31.4**	930.0	30.8
Others	**188.5**	**4.5**	145.7	4.8
Total	**4,195.8**	**100.0**	3,016.1	100.0

Cleaning appliances include upright vacuums, steam mops, robotic vacuums, cordless and corded stick vacuums and other floor care products. Food preparation appliances include high-performance multifunctional blenders, soymilk makers, food processors and other small household appliances that facilitate the food preparation process. Cooking appliances include rice cookers, pressure cookers, induction cookers, air fryers, counter top grills, counter top ovens, coffee and tea makers and other appliances for cooking. Others product category includes small household appliances ranging from water purifiers, ventilators and water heaters to garment care and thermos.

Revenue from sales of cleaning appliances increased by 50.4% in 2020, primarily due to launches in 2019 and 2020 of technologically advanced robotic vacuum products with navigation function, such as the Shark IQ Robot Vacuum with a Self-Empty base, which was one of the best-selling products on Amazon during the Black Friday promotion, and the Shark AI VACMOP robot vacuum and mop which was launched in the second half of 2020. We also launched the VACMOP in 2020, a cordless vacuum that combines powerful suction for dry debris and spray mopping for wet stuck on messes in one no-touch disposable pad. At the same time, sales of corded and cordless vacuums continued to grow steadily through the launch of new products into those categories, and market share gains in the U.S. and Europe. Market share of cordless and corded vacuums in the United Kingdom continued to increase leading to our top position in the vacuum category in the United Kingdom. We have successfully secured additional product placements at key retailers in the United Kingdom as the strength of our brands and reputation for our products continued to grow.

Sales of cooking appliances increased by 41.6% in 2020 as a result of the strong reception that our Foodi series of new products have received since their launch in North America and Europe in 2020. Sales of cooking appliance within the SharkNinja segment increased by US$335.1 million, or 96.0%, in 2020 as compared to 2019. Within the Joyoung segment sales of cooking appliances increased by US$52.2 million, mainly driven by the increased sales of air fryers and other products.

Revenue from sales of food preparation appliances increased by 22.2% in 2020 due to the strong growth of heated kitchen appliances, such as the Foodi indoor grill and Foodi air oven within the SharkNinja segment, and the increased sales of blenders and high-performance multifunctional blenders within the Joyoung segment.

OTHER FINANCIAL INFORMATION

Cost of sales

In 2020, the cost of sales of the Group was approximately US$2,453.0 million (2019: US$1,889.6 million), representing a year-on-year increase of approximately 29.8%. The increase was primarily attributable to increased sales.

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

	For the year ended December 31,			
	2020		2019	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
Joyoung segment	**985.2**	**40.2**	854.0	45.2
SharkNinja segment	**1,467.8**	**59.8**	1,035.6	54.8
Total	**2,453.0**	**100.0**	1,889.6	100.0

For the year ended December 31, 2020, the Joyoung segment recorded a total cost of sales of approximately US$985.2 million (2019: US$854.0 million), representing a year-on-year increase of approximately 15.4%. The increase was primarily attributable to the revenue growth during the year.

For the year ended December 31, 2020, the SharkNinja segment recorded a total cost of sales of approximately US$1,467.8 million (2019: US$1,035.6 million), representing a year-on-year increase of approximately 41.7%. The increase was the result of increased sales, offset by US$38.1 million in tariff refund that were recorded in 2020.

As a result of the trade war between the U.S. and China and the increase in tariffs on goods made in China imported into the U.S., we first saw a 10% tariff implemented on vacuums and air fryers imported into the U.S. from China starting on September 24, 2018. That tariff was increased to 25% on June 1, 2019 and a 15% tariff was implemented on coffee makers imported from China to the U.S. on October 1, 2019. On November 29, 2019, the Office of the United States Trade Representative announced exclusions from these new tariffs covering vacuum cleaners, bagless, upright, each with self-contained electric motor of a power not exceeding 1,500 W and having a dust receptacle capacity not exceeding 1 liter. On April 24, 2020, the Office of the United States Trade Representative announced exclusions from these new tariffs covering robotic designed for residential use and countertop air fryers. We believe these exclusions apply to a number of our vacuum cleaners and cooking appliances and, accordingly, we have applied for refunds for tariffs paid back to September 24, 2018, of which US$13 million was recognized in 2019 and US$38.1 million was recognized in the first half of 2020 related to tariffs paid in 2019. Of these amounts, US$9.2 million related to the first half of 2019. The tariff exclusions expired on December 31, 2020.

Gross profit

In 2020, the gross profit of the Group was approximately US$1,742.8 million (2019: US$1,126.5 million), representing a year-on-year increase of approximately 54.7%. The increase was primarily attributable to the increase in revenue.

Gross profit margin was 41.5% in 2020, a substantial increase of 4.1 percentage points from 37.4% in 2019.

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

	For the year ended December 31,			
	2020		2019	
	Gross Profit	**Gross Margin %**	Gross Profit	Gross Margin %
	(in US$ million, except percentage)			
Joyoung segment	**477.9**	**32.6**	426.0	33.3
SharkNinja segment	**1,264.9**	**46.3**	700.5	40.3
Total	**1,742.8**	**41.5**	1,126.5	37.4

For the year ended December 31, 2020, the Joyoung segment recorded a gross profit of approximately US$477.9 million (2019: US$426.0 million), representing a year-on-year increase of approximately 12.2%. The gross profit margin decreased by 0.7% in 2020. The decrease in gross profit margin was mainly due to the fact that as a result of the epidemic, channel structure was adjusted in 2020 to increase the proportion of online channels where competition is intense, leading to a slight decrease in gross profit margin of the year.

For the year ended December 31, 2020, the SharkNinja segment recorded a gross profit of approximately US$1,264.9 million (2019: US$700.5 million), representing a year-on-year increase of approximately 80.6%. The gross profit margin percentage increased by 6.0% in 2020 as a result of 1) the tariff refund of US$38.1 million received during the Reporting Period; 2) cost savings initiatives including synergies in the supply chain that have been identified between Joyoung and SharkNinja; 3) strong demand for our products leading to a higher percentage of products sold at regular price rather than promotional price; and 4) SharkNinja optimized its product portfolio by increasing the selling prices on a number of products, and replacing old products with new products that commanded a higher gross margin.

Other income and gains

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

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

	For the year ended December 31,	
	2020	2019
	(in US$ million)	
Other income		
Bank interest income	**11.2**	5.9
Rental income	**1.7**	1.8
Government grants	**8.7**	8.1
Others	**1.2**	1.3
Subtotal	**22.8**	17.1
Gains		
Gain on disposal of items of property, plant and equipment	**—**	0.1
Gain on disposal of an investment property	**23.4**	—
Gain on financial assets at fair value through profit or loss, net	**23.2**	8.1
Loss on disposal of associates, net	**(0.9)**	—
Others	**2.7**	3.3
Subtotal	**48.4**	11.5

In 2020, other income and gains of the Group was approximately US$71.2 million (2019: US$28.6 million), representing a year-on-year increase of approximately 149.0%. The increase was primarily attributable to the recognition of gain on disposal of an investment property and gain on financial assets at fair value through profit or loss in 2020.

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,	
	2020	2019
	(in US$ million)	
Advertising expenses	**281.6**	188.8
Warehousing and transportation expenses	**135.9**	95.7
Trade marketing expenses	**127.0**	75.3
Staff cost	**92.9**	81.8
Business development expenses	**16.4**	28.0
Office expenses and others	**41.7**	37.2
Total	**695.5**	506.8

The Group's selling and distribution expenses increased by approximately 37.2% year-on-year from approximately US$506.8 million in 2019 to approximately US$695.5 million in 2020, which was mainly due to the increase in advertising expenses, warehousing and transportation expenses and trade marketing expenses as a result of the sales growth 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 and audit 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,	
	2020	2019
	(in US$ million)	
Staff cost	**263.1**	212.1
Professional service fees	**67.6**	45.7
Depreciation and amortization	**59.2**	50.7
Office expenses	**23.5**	24.1
Other expenses[4]	**73.9**	61.6
Listing expenses	**—**	21.4
Total	**487.3**	415.6

The Group's administrative expenses increased by approximately 17.3% year-on-year from approximately US$415.6 million for the year ended December 31, 2019 to approximately US$487.3 million for the year ended December 31, 2020. The increase was primarily attributable to the impact of international business expansion as well as continued investment in R&D to support new products and technologies development.

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

Finance costs

Finance costs primarily represent (i) interest expenses on bank loans; (ii) interest expenses on lease liabilities in relation to the lease agreement for SharkNinja's new office; (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,	
	2020	2019
	(in US$ million)	
Interest on bank loans	**36.5**	62.2
Interest on lease liabilities	**3.2**	3.0
Amortization of deferred finance costs	**34.3**	13.6
Other finance costs[5]	**6.5**	4.9
Total	**80.5**	83.7

Finance costs of the Group decreased by approximately 3.8% year-on-year from approximately US$83.7 million for the year ended December 31, 2019 to approximately US$80.5 million for the year ended December 31, 2020. The decrease was primarily attributable to the combined effect of lowered interest on bank loans and an acceleration of the amortization of deferred finance cost as the Group refinanced its credit facilities in the first half of 2020 which resulted in lower interest expense, but triggering the one-time acceleration of amortization of deferred finance cost due to the replacement of the previous credit facilities.

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% (2019: 25%) on their respective taxable income. During the year, five (2019: one) of the Group's entities obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates or corporate income tax exemptions.

During 2020, 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%.

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

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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 increased by approximately 268.3% year-on-year from approximately US$33.8 million in 2019 to approximately US$124.5 million in 2020. The increase was primarily attributable to the increase of income tax expenses in the Group's U.S. subsidiaries.

Net profit

As a result of the foregoing reasons, net profit for the Group for the year ended December 31, 2020 increased by approximately 372.2% from approximately US$85.2 million in 2019 to approximately US$402.3 million in 2020.

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 provides 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 (as defined below), and non-operational or one-off expenses and gains (each without considering tax effect). Particularly, during the twelve months ended December 31, 2020, the Group recorded a reduction of cost of sales amounting to US$38.1 million arising from tariff refund attributable to year 2019. Comparative amount in 2019 has also been adjusted to conform with the current presentation. 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.

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

	For the year ended December 31,	
	2020	2019
	(in US$ million)	
Profit for the year	**402.3**	85.2
Items arising from acquisition and relating to the Reorganization	**23.7**	***63.8***
Changes in carrying amount of financial liabilities associated with the put option	—	29.0
Amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja	23.7	27.0
Other reorganization related expenses	—	7.8
Non-recurring items and items not related to the Company's ordinary course of business	**(6.8)**	**84.9**
Stock-based compensation	38.0	30.3
Tariff refunds[6]	(38.1)	38.1
Acceleration of the amortization of deferred finance cost[7]	31.3	—
Gain on disposal of property, plant and equipment, investment property and subsidiaries	(23.4)	(0.1)
Gain on fair value change from equity investments	(14.6)	(4.8)
Listing expenses	—	21.4
Adjusted net profit	**419.2**	233.9
Attributable to:		
Owners of the parent	**377.8**	174.3
Non-controlling interests	**41.4**	59.6
	419.2	233.9

6 During the twelve months ended December 31, 2020, the Group recorded a reduction of cost of sales amounting to US$38.1 million arising from tariff refund attributable to year 2019. Comparative amounts in 2019 have also been adjusted to conform with the current presentation.

7 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,	
	2020	2019
	(in US$ million)	
Profit before tax	**526.8**	119.0
Add:		
Finance cost	**80.5**	83.7
Depreciation and amortization	**104.9**	93.2
Bank interest income	**(11.2)**	(5.9)
EBITDA	**701.0**	290.0
Items arising from acquisition and relating to the Reorganization	**—**	**30.6**
Changes in carrying amount of financial liabilities associated with the put option	—	29.0
Reorganization-related expenses	—	1.6
Non-recurring items and items not related to the Company's ordinary course of business	**(38.1)**	**84.9**
Stock-based compensation	38.0	30.3
Tariff refunds[8]	(38.1)	38.1
Gain on disposal of property, plant and equipment, investment property and subsidiaries	(23.4)	(0.1)
Gain on fair value change from equity investments	(14.6)	(4.8)
Listing expenses	—	21.4
Adjusted EBITDA	**662.9**	405.5

The non-IFRS measures used by the Group adjusted for, among other things, (i) changes in carrying amount of financial liabilities associated with the put option, (ii) amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja, (iii) other reorganization related expenses, (iv) stock-based compensation, (v) tariff refunds, (vi) acceleration of the amortization of deferred finance cost, (vii) gain on disposal of property, plant and equipment, investment property and subsidiaries, (viii) gain on fair value change from equity investments, and (ix) listing expenses, 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.

8 During the twelve months ended December 31, 2020, the Group recorded a reduction of cost of sales amounting to US$38.1 million arising from tariff refund attributable to year 2019. Comparative amounts in 2019 have also been adjusted to conform with the current presentation.

Liquidity and financial resources

Inventory

The Group's inventory increased by 46.4% from approximately US$393.1 million as of December 31, 2019 to approximately US$575.5 million as of December 31, 2020. This increase is primarily due to strong sales growth in 2020, and expected growth in the first quarter of 2021. Inventory turnover days[9] was 71 days in 2020, the same as in 2019.

Trade and bills receivables

The Group's trade receivables increased by 49.6% from approximately US$804.3 million as of December 31, 2019 to approximately US$1,203.5 million as of December 31, 2020. The increase was primarily due to strong sales in North America, Europe and China throughout the year. Trade receivables turnover days[10] decreased from 94 days in 2019 to 86 days in 2020.

Trade and bills payables

The Group's trade payables increased by 67.0% from approximately US$530.1 million as of December 31, 2019 to approximately US$885.3 million as of December 31, 2020. Trade payables turnover days[11] increased from 89 days in 2019 to 104 days in 2020. The increase in trade payables was a result of the increase in inventory purchases at the end of the year because of strong sales throughout the year.

During the year ended December 31, 2020, the Group funded its operations, working capital, capital expenditure and other capital requirements primarily from (i) bank borrowings; (ii) proceeds from global offering of the Company in 2019 (the "**Global Offering**"); (iii) proceeds from stock placement of the Company in October 2020 ; and (iv) cash generated from operations.

As of December 31, 2020, the Group had cash and cash equivalents of approximately US$570.8 million as compared to US$421.3 million as of December 31, 2019. The cash and cash equivalents of the Group are mainly denominated in HK$, RMB and US$.

As of December 31, 2020, the Group's total borrowings amounted to approximately US$939.4 million, representing a decrease of approximately 12.6% compared to approximately US$1,075.3 million as of December 31, 2019. As at December 31, 2020, all of the Group's borrowings were denominated in US$, and the borrowings were based on floating interest rates.

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

10 Average trade and bills receivables equal trade and bills receivables (net of impairment) at the beginning of the period plus trade and bills receivables at the end of the period, divided by two. Turnover of average trade and bills receivables equals average trade and bills receivables divided by revenue and then multiplied by the number of days in the period.

11 Average trade and bills payables equal trade and bills payables at the beginning of the period plus trade and bills payables at the end of the period, divided by two. Turnover of average trade and bills payables equals average trade and bills payables divided by cost of sales and then multiplied by the number of days in the period.

The table below sets forth a breakdown of the bank borrowings of the Group as of December 31, 2020:

	As of December 31, 2020 *(in US$ million)*
Interest-bearing bank borrowings (current portion)	**46.6**
Interest-bearing bank borrowings (non-current portion)	**892.8**
Total	**939.4**

The table below sets forth the aging analysis of the repayment terms of interest-bearing borrowings as of December 31, 2020:

	As of December 31, 2020 *(in US$ million)*
Repayable within one year	**46.6**
Repayable within two years	**84.4**
Repayable within two to five years	**808.4**
Total	**939.4**

As of December 31, 2020, the Group had total bank facilities of approximately US$1,200.0 million (2019: approximately US$1,216.3 million), of which bank facilities of approximately US$250.0 million were unutilized (2019: approximately US$141.0 million).

Gearing ratio

As of December 31, 2020, the Group's gearing ratio (calculated as the total debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity was 52.9%, representing a decrease of 21.3 percentage points as compared with 74.2% as of December 31, 2019. The decrease was primarily attributable to the combined effect of decrease of bank borrowings and increase of equity.

Foreign exchange risk

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

As of December 31, 2020, the Group had not entered into any hedging transactions. 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, 2020, certain assets of the Group's subsidiaries had been pledged to secure the Group's borrowings of a total amount of US$939 million and total pledged assets accounted for approximately 47.9% of the total assets of the Group. As of December 31, 2020, 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, 2020, capital expenditures of the Group amounted to approximately US$129.7 million (2019: US$95.4 million).

Contingent liabilities

As of December 31, 2020, the Group had no material contingent liabilities.

OUTLOOK & 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 Joyoung segment and 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 2020 we focused on expanding internationally including further growth within the United Kingdom and Japan, and successfully tapped into the German and French markets and started working with major retailers in these countries to have the products placed through local sales teams.

With regards to product innovation, we continually seek to expand the product portfolio within the categories that we are already in.

In addition, we plan to expand into new categories, including the personal care category and air purifiers, and continue to develop new products within existing categories including additional cookware products, new products within the Ninja Foodi series and a new series of cordless vacuums. We also focus on continuing to drive synergies between the 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.

Also, we continue to promote Joyoung's new brand proposition of "Enjoying Health" in 2020, in order to attract a younger customer base. In the future, we will continue to focus on innovating small household appliances in order to launch mainstream products and categories with a customer-centric focus. Joyoung will continue to employ the development strategy of focusing on quality small household appliances by cultivating additional customers and users from emerging sales channels so as to realize the digital transformation of customers in China and loyal users. Meanwhile, Shark within China will position itself in the household cleaning area, and strive to gain the same level of brand recognition and reputation for innovation and quality as it has in North America and other parts of the world.

The COVID-19 outbreak has caused a global health emergency that is impacting 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 is uncertain at this time 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. However, the pandemic has reshaped consumer habits with the majority of offline customer traffic derived from new business forms, i.e. shopping mall stores. Despite of the new trend of consumer behaviour in 2020, where consumers switched from offline channels to online channels, Joyoung successfully launched new products to cater to the needs of consumers via livestream selling. Joyoung's online campaign has successfully touched tens of thousands of consumers which offset the impact by the offline business and achieved growth. Meanwhile, the Company's upstream and downstream supply chain has already recovered since the second quarter of 2020.

The channel structures in the European and North American markets have also changed as a result of the COVID-19 pandemic with rapid growth in online 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. Meanwhile, the Company successfully launched a several new series of products in 2020, despite the challenging circumstances brought on by COVID-19 and further improved its penetration in the global markets with omni-channel sales network that was adjusted based on local conditions and brand strength. Thanks to all of these factors, the Group achieved strong growth across all categories.

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.

Go-Forward Impact of Trade War

As a result of increased tariffs on goods imported from China into the U.S. as well as the desire to further diversify our supply chain, we have begun to source finished goods from outside of China with suppliers in Vietnam and Thailand. While finished goods from those countries generally are more expensive than that in China, there is still a substantial cost savings that come from mitigating the imposition of 25% tariffs on a number of the product categories which we sell in the U.S.. While we had exclusions on those tariffs across most of the impacted product categories during 2020, the tariff exclusions expired on December 31, 2020. As a result of this continued uncertainty, we are maintaining our focus on shifting production out of China and working on initiatives to lower our product cost on those goods.

Global Supply Chain Dynamics

During the second half of 2020 we saw a number of disruptions to the global supply chain which have impacted our business. Businesses slowed down their purchasing and imports in the first half of the year when the COVID-19 pandemic began, which resulted in a large influx of imports in the second half of 2020. Due to these circumstances, we saw an increase in global ocean freight costs, and an overall shortage of containers needed to ship our goods from China and other countries to North America, Europe and other markets. We are now starting to see rising commodities and component prices as well as a shortage of certain key commodities and components that are needed to manufacture our products. Throughout 2020, we were able to managed through these headwinds and secure the majority of the products that we needed to meet our demand around the world. In 2021, we will focus on mitigating increased shipping, commodities and component costs by looking for other ways to lower product cost, and by raising our sell prices where appropriate.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since December 18, 2019 (the "**Listing Date**"). Net proceeds from the Global Offering (after the full exercise of the over-allotment option) received by the Company were approximately US$354 million after deducting the underwriting fees and commission and relevant expenses.

As at December 31, 2020, (i) approximately US$320 million of the net proceeds had been utilized in line with the proposed use of proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated December 18, 2019 (the "**Prospectus**"); and (ii) unutilized proceeds of approximately US$34 million were deposited with a licensed bank.

The following table sets forth a breakdown of the utilization and proposed utilization of net proceeds as at December 31, 2020:

	Purpose	**Percentage of total amount** *(approx.)*	**Net proceeds** *US$ million*	**Utilised amount** *US$ million*	**Unutilised amount** *US$ million*	**Expected timeline for usage of proceeds**
1.	Repayment of a bank loan	50%	178	178	—	—
2.	Research and development of new products and integration and development of the Company's supply chain	20%	71	51	20	By December 2021
3.	Market expansion and brand enhancement	20%	71	71	—	—
4.	Working capital and general corporate purposes	10%	34	20	14	By December 2021
Total		100%	354	320	34	

The net proceeds have been and will be used according to the purposes as stated in the Prospectus, and there are no material change or delay in the use of proceeds.

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.

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, 2020, (i) approximately HK$744 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; and (ii) unutilized proceeds of approximately HK$326 million were deposited with a licensed bank.

The following table sets forth a breakdown of the utilization and proposed utilization of net proceeds as at December 31, 2020:

Purpose	Percentage of total amount *(approx.)*	Net proceeds *HK$ million*	Utilised amount *HK$ million*	Unutilised amount *HK$ million*	Expected timeline for usage of proceeds
1. Partial repayment of an existing revolving credit facility as a part of the facilities in the aggregate amount of USD1,200,000,000 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	101	239	By December 2021
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	253	87	By December 2021
Total	100%	1,070	744	326	

The net proceeds have been and will be used 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.

BOARD COMMITTEES

The Company has established four Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), including the strategy committee, the audit committee (the "**Audit Committee**"), the remuneration committee and the nomination committee.

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, 2020, including the accounting principles and practices adopted by the Group.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2020, the Group had approximately 4,926 employees in total (as of December 31, 2019: 4,434), of which approximately 3,574 employees were with its China operation, approximately 796 employees were with its U.S. operations, and approximately 556 employees were with other countries or regions operations. For the year ended December 31, 2020, the Group recognized staff costs of US$356.0 million (2019: US$293.9 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.

In order to recognize and reward the management and employees of the Company for their contribution, to attract the best available talents, and to provide additional incentives to them to remain with and further promote the success of business, the Company adopted the restricted stock units plan (the "**RSU Plan**") on October 9, 2019 (amended on December 14, 2020) and issued and allotted 147,118,409 ordinary shares with a par value of US$0.00001, which represent approximately 4.2% of the issued share capital of the Company as at the date of this announcement.

As of December 31, 2020, the Company had granted an aggregate of 129,265,801 restricted stock units, of which 31,856,190 restricted stock units were vested and 3,503,178 restricted stock units were lapsed in accordance with the terms and conditions of the RSU Plan.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. During the Reporting Period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision A.2.1 of the CG Code — Chairman and Chief Executive Officer

Under the code provision A.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 ("**Mr. Wang**") 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 Global SPV, Ltd. (formerly known as Compass Cayman SPV, Ltd.) (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.

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.

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

Save as disclosed under "Use of Proceeds from the Placing on Existing Shares and Top-up Subscription of New Shares under the General Mandate", neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 18, 2021, a total of 9,224,347 RSUs were granted to six participants of the Company pursuant to the RSU Plan, which were partly sourced from the issuance of 5,500,000 new shares. Details are set out in the announcement issued by the Company dated January 18, 2021.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**Annual General Meeting**") will be held on May 28, 2021. 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 of the Company in due course.

PAYMENT OF FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.2661 per share for the year ended December 31, 2020 (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 June 4, 2021, 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 30, 2021.

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 May 25, 2021 to May 28, 2021 (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 May 24, 2021.

Subject to the approval of shareholders of the Company at the Annual General Meeting, the final dividend will be paid on or about July 30, 2021. For determining the entitlement to the proposed final dividend, the Register of Members will be closed from June 3, 2021 to June 4, 2021, 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 June 2, 2021.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsgloballife.com). The 2020 annual report of the Company will be despatched to the Shareholders and published on the same websites in due course.

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

Hong Kong, March 31, 2021

As at the date of this announcement, the Board comprises Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling as executive Directors, Mr. Hui Chi Kin Max, Mr. Stassi Anastas Anastassov and Mr. Mao Wei as non-executive Directors and Dr. Wong Tin Yau Kelvin, Mr. Timothy Roberts Warner and Mr. Yang Xianxiang as independent non-executive Directors.