2022
Interim Report

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

JS Global

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1691

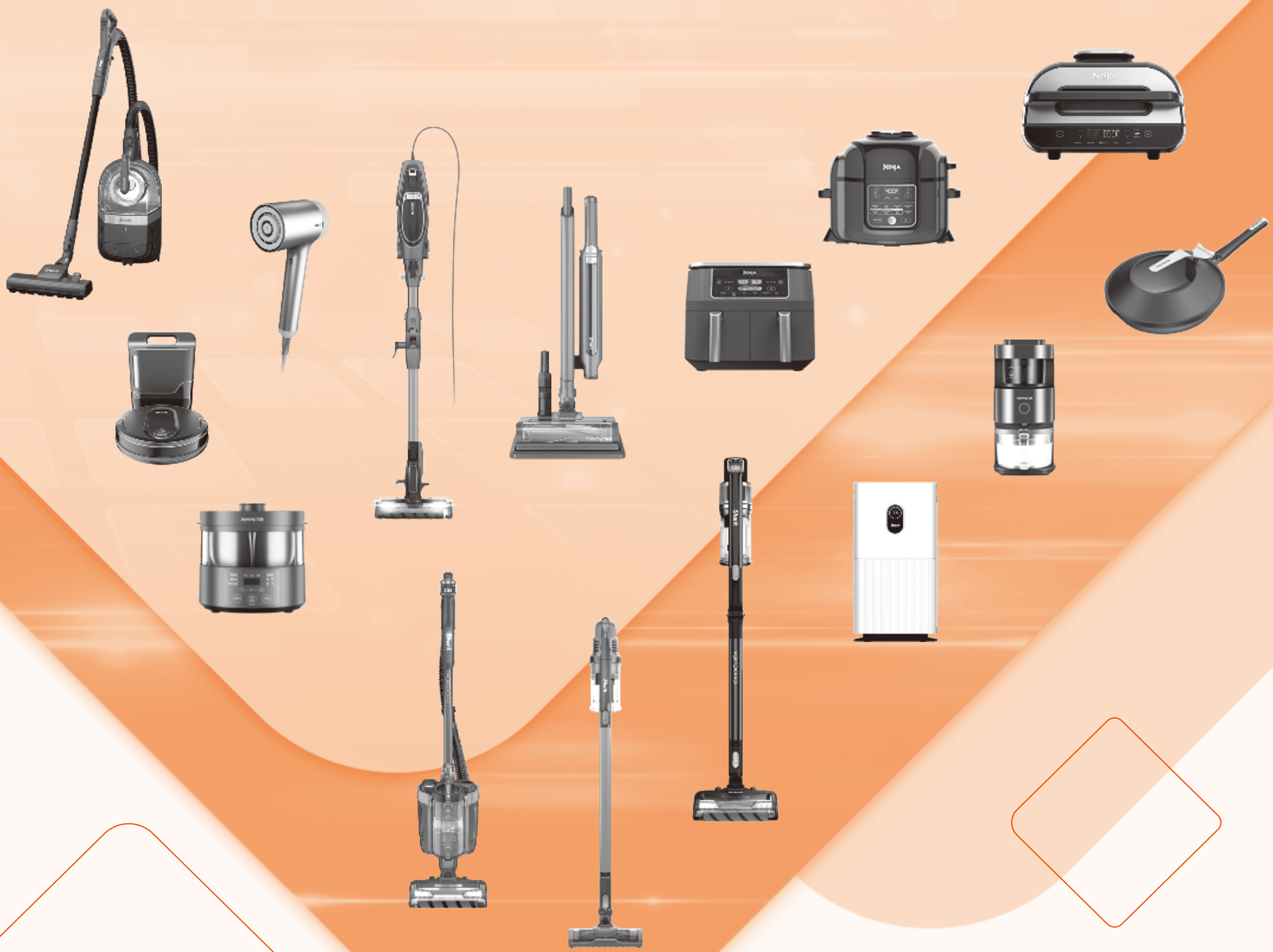

Table of Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Hui Chi Kin Max
Stassi Anastas Anastassov
Sun Zhe

Independent Non-executive Directors

Ding Yuan (appointed on August 29, 2022)
Timothy Roberts Warner
Yang Xianxiang
Wong Tin Yau Kelvin (resigned on August 29, 2022)

AUDIT COMMITTEE

Ding Yuan *(Chairman, appointed on August 29, 2022)*
Timothy Roberts Warner
Yang Xianxiang
Wong Tin Yau Kelvin (resigned on August 29, 2022)

NOMINATION COMMITTEE

Wang Xuning *(Chairman)*
Ding Yuan (appointed on August 29, 2022)
Yang Xianxiang
Wong Tin Yau Kelvin (resigned on August 29, 2022)

REMUNERATION COMMITTEE

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

STRATEGY COMMITTEE

Wang Xuning *(Chairman)*
Hui Chi Kin Max
Stassi Anastas Anastassov
Sun Zhe
Ding Yuan (appointed on August 29, 2022)
Timothy Roberts Warner
Yang Xianxiang
Wong Tin Yau Kelvin (resigned on August 29, 2022)

AUTHORISED REPRESENTATIVES

Han Run
Shan Minqi

COMPANY SECRETARY

Shan Minqi *(HKICPA)*

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As to Cayman Islands laws
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Hong Kong

PRINCIPAL BANK

Industrial and Commercial Bank of China (Asia) Limited

STOCK CODE

1691

COMPANY'S WEBSITE

www.jsgloballife.com

DATE OF LISTING

December 18, 2019

Management Discussion and Analysis

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

BUSINESS OVERVIEW

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

We are 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 operational infrastructure, including a global research and development platform which utilizes consumer engagement to amass information on consumer preferences and behaviors that informs and influences the product development process, a centralized supply chain with a global reach and a comprehensive information management system across the entire value chain.

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

- the SharkNinja segment focuses on home environment appliances and kitchen appliances which are sold in North America, Europe, Japan and various other countries throughout the world. The Shark and Ninja brands maintain leading market share in 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.

Despite the pressure and challenges, China and the United States remain the world's largest and most attractive small household appliance markets.

Global Update

In the first half of 2022 we celebrated many successes while operating in uncertain and slightly unfavorable macroeconomic conditions. After growing our revenue by 22.6% in the first half of 2020 and by 47.8% in the first half of 2021, we were able to maintain that revenue level in the first half of 2022 despite overall demand in the markets that we operate in declines compared to last year. On a constant currency basis, our revenue would have increased by 0.8%. We were able to accomplish those results by holding true to the strategies that have yielded our strong results for the past several years including growing market share within existing product categories, expanding into new product categories and expanding internationally.

Consumers everywhere are feeling the effects of inflation, and having concerns about the global economy. Those inflationary factors have also had an impact on our gross margin rate as the increases in ocean freight, commodity and component costs that escalated throughout 2021 continued into the first half of 2022, offsetting the impact of tariff exclusions on certain products imported from China into the U.S. which we benefited from in the first half of 2022.

While we have cautiously managed our operating expenses in the first half of 2022, we have continued to invest in product development in order to support product launches into incremental new product categories in both the second half of 2022 and in the first half of 2023 since we know that our long-term success is based upon our ability to continue innovating and expanding into new categories and countries.

The United States

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

Although the market was down in some of the product categories that we operate in, our market share grew in every major category that we operate in. In addition, retailers ended 2020 with very low inventory levels had created a large volume of revenue in the first half of 2021 due to restocking their shelves and warehouses. Conversely, retailers ended 2021 with very low inventory levels on certain product categories only but with usual inventory levels on most types of products.

Despite these headwinds, we were able to maintain our revenue levels in the U.S. by generating revenue contribution from new categories that we launched in the second half of 2021 including personal care and air purification, and by growing market share in all of our existing product categories. Our market share within cleaning appliances grew from 30.8% to 34.4%[1], cooking appliances from 25.2% to 25.4%[2], and food preparation appliances from 32.5% to 35.2%[3] in the U.S.

1 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January-June 2022 vs. January–June 2021. "Cleaning appliances" include: Bare Floor Cleaners, Hand Vacuums, Robotic Vacuums, Stick Vacuums, Upright Vacuums

2 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January-June 2022 vs. January–June 2021. "Cooking appliances" include: Air Fryers, Electric Grills, Fryers, Multi-Cookers, Toaster Oven

3 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January-June 2022 vs. January–June 2021. "Food preparation appliances" include: Juice Extractor, Kitchen System, Single Serve Blending & Processing, Traditional Blending, Traditional Food Processor

Management Discussion and Analysis

We were able to grow our market share and build upon our revenue base by the following ways:

- Launching into numerous new categories in 2021 which generated incremental sales in the first half of 2022 including:

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

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

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

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

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

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

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

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

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

- Launching new products in existing categories in first half of 2022, which generated incremental market share in the first half of 2022 and are expected to continue to generate sales in the second half of 2022:

  - **Ninja Programmable XL 14-Cup Coffee Maker** features a 14-cup capacity that is perfect for entertaining. The 70-oz removable reservoir makes filling and cleaning more convenient. A freshness timer, delay brew, brew pause and clean cycle functionality coupled with 2 brew styles, classic and rich, allows for more customization

  - **Shark Stratos with Odor Neutralizer Technology** which guards against bad odors inside the vacuum for a fresher-smelling home

  - **Ninja Foodi Possible Pot and Possible Pan** features NeverStick technology that never sticks, chips or flakes. Dishwasher, oven and metal utensil safe, and features nesting designed to protect cooking surfaces during storage

  - **Ninja Professional XL Food Processor** with a 12-cup capacity and an XL feed chute with a 3-part pusher for any size ingredient with less preparation and more outputs. 4 Auto-iQ programs combine unique pulsing patterns to deliver customizable results

  - **Shark Air Purifier with True HEPA** got a new look with Pure Air MicroForce which is much more quiet, and guards against odors. This new unit has Clean Sense IQ technology that tracks air quality and adjusts power to maintain clean air flow, and also has HEPA filters to eliminate pet dander and other allergens in the home and an easy to use child-safety lock.

- Securing strong placement of these new products and categories at retailers as a result of our solid track record of success when we expanded into new product categories in the past, and our willingness to invest in advertising to support the new product launches. Launching numerous new products in existing categories in order to grow market share globally.

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

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

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

Despite the declines in the overall market of some of our product categories, our market share increases through continued innovation, expanded product assortments and expanded retail placements in existing categories and our ability to develop products in incremental new categories have allowed us to maintain our sales level in the U.S.

China

In the first half of 2022, Joyoung segment comprehensively launched middle and high-end product lines and innovatively introduced new products such as high-performance multi-functional blenders with zinc oxide bacteriostatic technology, air fryers with stereo hot air cyclic heating technology that do not need to flip over, 0-coating rice cookers with water film technology, water purifiers with integrated bacteriostat, heat and purification functions, Damowang non-stick and wear-resisting fry pan, which enhanced Joyoung's brand influence and the touch of technology of its products effectively.

Joyoung continued to vigorously deploy and expand emerging online and offline channels, coordinate the development of traditional e-commerce and content e-commerce, O2O new retail and the markets of lower-tier cities, seize the development opportunities of content e-commerce with a focus on the development of TikTok, Kuaishou and other livestream platforms, and set up a relatively complete livestream matrix in the industry. In addition, the Company increased the frequency of assessments on the moving sales of the sales teams and relevant incentives, and encouraged more experienced stores and shopping guides to engage in live commerce. The Company was devoted to develop a O2O Uni Marketing and operation system which was more comprehensive, more flexible and more precise, exploring the operation strategies applicable to offline channels with high cost, high traffic and high value, and aiming to comprehensively enhance the brand recognition, loyalty, influence and purchase intention of the main consumer groups.

With its self-built digital middle platform network, the Company gradually improved digital operations, and proactively adapted to the online and offline omni-channel development trend, striving to achieve the comprehensive digital transformation of its business.

Europe

The Shark and Ninja brands continued to gain market share in nearly all major categories we operate in within the European market, offsetting overall softness in demand within Europe. Our revenue in Europe declined 5.8% in the first half of 2022 as compared to the first half of 2021, but on a constant currency basis our revenue would have been similar as the first half of 2021. Our ability to maintain our sales volume despite difficult market conditions continues to be driven by our execution on our strategy of growing market share in existing categories, expanding into new markets, and launching into new categories.

The Shark brand grew its share in the Great Britain vacuum cleaner market from 29.4% in the first half of 2021 to 31% in the first half of 2022[4]. In the first half of 2022, one in five (24.3% unit share) vacuum cleaners bought in Great Britain was a Shark brand[5]. The Ninja brand held 15.7% value share of the Food Preparation market in the first half of 2022, which was up from 12.4% in the same period in 2021[6].

For electrical cooking pots in the first half of 2022, the Ninja brand holds a market value share of 55.2% in Great Britain — this is up from 50% for the same period in 2021[7]. The Ninja brand has grown in sales value within the deep fryers market as well and now holds 46% market share[8].

Other Markets

We continue to sell, market and distribute our products in Japan through our wholly owned business in that country, while we rely on third parties to distribute our products in other countries outside of North America, Europe, China and Japan. Sales in other markets increased in the first half of 2022 for many of the same reasons that we maintained our sales volume in North America and Europe — by launching into incremental new product categories and by gaining market share despite difficult overall economic conditions.

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4 GfK; Market Intelligence; Panelmarket Total Vacuum Cleaners; Value Sales, GB; Jan–Jun 2021 & Jan–Jun 2022

5 GfK; Market Intelligence; Panelmarket Total Vacuum Cleaners; Value Sales, GB; Jan–Jun 2021 & Jan–Jun 2022

6 GfK; Market Intelligence; Panelmarket Total Food Preparation; Value Sales, GB; Jan–Jun 2021 & Jan–Jun 2022

7 GfK; Market Intelligence; Panelmarket Total Electrical Cooking Pots; Volume & Value Sales, GB; Jan–Jun 2021 & Jan–Jun 2022

8 GfK; Market Intelligence; Panelmarket Total Fryers; Volume & Value Sales, GB; Jan–Jun 2021 & Jan–Jun 2022

FINANCIAL REVIEW

Overall performance

During the Reporting Period, the total revenue of the Group was US$2,232.2 million, representing a year-on-year decrease of 0.3%. Gross profit was US$862.4 million, representing a year-on-year decrease of 5.1%. Gross profit margin was 38.6%, decreased by 2.0 percentage points as compared to 40.6% year-on-year. Profit for the Reporting Period decreased by 16.9% year-on-year to approximately US$180.9 million. Profit attributable to owners of the parent decreased by approximately 15.3% year-on-year to approximately US$163.9 million. EBITDA[9] for the Reporting Period dropped by 10.1% year-on-year to approximately US$302.2 million, and adjusted EBITDA[10] for the Reporting Period decreased by 9.2% year-on-year to approximately US$318.4 million. Adjusted net profit[11] for the Reporting Period decreased by 14.4% year-on-year to approximately US$206.9 million.

Revenue

For the Reporting Period, the Group recorded a total revenue of US$2,232.2 million (2021: US$2,239.4 million), representing a year-on-year decrease of 0.3%. The total revenue of the Group has grown by 80.6% compared to the first half of 2019 led by the continued success and expansion of the Shark and Ninja brands.

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

	For the six months ended June 30,			
	2022		2021	
	Amount	%	Amount	%
	(in US$ million, except percentages)			
SharkNinja segment	**1,593.2**	**71.4**	1,596.4	71.3
Joyoung segment	**639.0**	**28.6**	643.0	28.7
Total	**2,232.2**	**100.0**	2,239.4	100.0

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

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

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

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

During the Reporting Period, revenue from the SharkNinja segment was US$1,593.2 million (2021: US$1,596.4 million), dropping by approximately 0.2% year-on-year and accounting for approximately 71.4% of the total revenue of the Group. On a constant currency basis, the revenue of the SharkNinja segment would have increased by 1.2%. Revenue from the Joyoung segment amounted to US$639.0 million (2021: US$643.0 million), dropping by approximately 0.6% year-on-year and accounting for approximately 28.6% of the total revenue of the Group. On a constant currency basis, the revenue of the Joyoung segment would have decreased by 0.3%.

Despite the softness in demand in most countries that the SharkNinja segment operates in during the first half of 2022, we were able to maintain the revenue level we saw during the first half of 2021. This is even more noteworthy considering the fact that the SharkNinja segment's revenue in the first half of 2022 is US$1,593.2 million, compares with revenue of $663.5 million in the first half of 2019. In the three years since the first half of 2019, the SharkNinja segment was able to grow its revenue by 140.1% and maintain that revenue level despite many external factors and headwinds that the segment was facing.

The SharkNinja segment's ability to maintain revenue level was attributable to continued market share growth in existing product categories including corded and cordless vacuum cleaners, robotic vacuum cleaners, motorized blenders and heated kitchen appliances, along with the successful launch of products into new categories in 2021 that have provided year-on-year growth during the first half of 2022 including Shark Air Purifiers 4 and 6, Shark HyperAir Hair Dryer, Shark Vertex Canister Vacuum, Ninja Cold Press Juicer Pro, Ninja CREAMi ice cream maker, Ninja Foodi NeverDull Premium Knife System, Ninja Precision Temperature Electric Kettle, and Ninja Foodi 2-in-1 Flip Toaster. The strength of the Shark and Ninja brands continues to enable both new category entry in existing markets, and further penetration into new markets. Revenue in both cleaning appliances and cooking appliances was supported by our ability to continuously bring innovative new products to market in North America, Europe and other markets while at the same time addressing significant supply chain challenges and macroeconomic factors. This high level of execution has enabled us to further enhance our relationships with retailers and our brand reputation among consumers to gain market share in both existing and new product categories.

The Joyoung segment's ability to maintain revenue levels was primarily driven by incremental revenue from launch of new products, including air-fryer, high-performance blender and water purifier. These were offset by softness in demand for other products due to pandemic hit on China economy in the first half of 2022.

Management Discussion and Analysis

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

	For the six months ended June 30,			
	2022		2021	
	Amount	%	Amount	%
	(in US$ million, except percentages)			
Shark	**892.6**	**40.0**	873.8	39.0
Ninja	**704.6**	**31.6**	736.8	32.9
Joyoung	**635.0**	**28.4**	628.8	28.1
Total	**2,232.2**	**100.0**	2,239.4	100.0

During the Reporting Period, total revenue generated by the Shark brand was approximately US$892.6 million (2021: US$873.8 million), representing a year-on-year increase of approximately 2.2%. The increase was attributable to market share gains within the cleaning appliances category including corded vacuums, cordless vacuums, robotic vacuums and hard floor cleaners including steam mops, coupled with new category launches in 2021 which generated incremental revenue in the first half of 2022 including air purifiers and hair dryers in the personal care category. Cordless vacuums delivered growth across all major regions, North America, Europe, and other markets including Japan.

During the Reporting Period, total revenue generated by the Ninja brand was approximately US$704.6 million (2021: US$736.8 million), representing a year-on-year decrease of approximately 4.4%. The decrease was due to softness in demand mainly in the cooking appliance category, offset by market share gains in most of the categories and regions in which the Ninja brand operates.

During the Reporting Period, total revenue generated by the Joyoung brand was approximately US$635.0 million (2021: US$628.8 million), representing a year-on-year increase of approximately 1.0%. The slight increase was mainly driven by the launch of new products and strong growth of certain product categories, including air fryer and high-performance blender, offset by decline in overall demand due to COVID-19 pandemic hit on China economy in the first half of 2022.

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

	For the six months ended June 30,			
	2022		2021	
	Amount	%	Amount	%
	(in US$ million, except percentages)			
North America	**1,253.6**	**56.2**	1,261.0	56.3
China	**622.9**	**27.9**	626.9	28.0
Europe	**263.7**	**11.8**	279.9	12.5
Other markets	**92.0**	**4.1**	71.6	3.2
Total	**2,232.2**	**100.0**	2,239.4	100.0

During the Reporting Period, total revenue generated from North America was approximately US$1,253.6 million (2021: US$1,261.0 million), representing year-on-year drop of 0.6%. The decrease in revenue was caused by overall softness in demand within the product categories that we sell in, offset by market share gains and incremental revenue from new product categories that we launched into during 2021. In addition, sales in the first half of 2021 were supported by a high amount of sales related to inventory replenishment by retailers who ended 2020 with relatively lower inventory than the level that they ended 2021 with, therefore a high base of revenue in the first half of 2021.

During the Reporting Period, total revenue generated from China was approximately US$622.9 million (2021: US$626.9 million), representing a year-on-year drop of approximately 0.6%. The slight decrease in revenue was mainly due to decline in overall demand from COVID-19 pandemic hit on China economy in the first half of 2022, offset by growth from launch of new products.

During the Reporting Period, total revenue generated from Europe was approximately US$263.7 million (2021: US$279.9 million), representing a year-on-year drop of 5.8%. The decrease in revenue was mainly due to the devaluation of the British Pound and the Euro during the first half of 2022. On a constant currency basis, revenue generated in Europe would have been similar as that of the first half of 2021. The trends seen in Europe were similar to those seen in North America with market declines being offset by market share gains along with incremental revenue from new product categories and growth within Germany and France, which are relatively new markets for the SharkNinja segment.

During the Reporting Period, total revenue generated from other markets was approximately US$92.0 million (2021: US$71.6 million), representing a year-on-year growth of 28.5%, primarily driven by increased market share within Japan, as well as strong sales through third party distributors that serve other countries outside of Europe, North America, China and Japan.

Management Discussion and Analysis

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

	For the six months ended June 30,			
	2022		2021	
	Amount	%	Amount	%
	(in US$ million, except percentages)			
Cleaning appliances	**874.9**	**39.2**	865.6	38.7
Cooking appliances	**768.6**	**34.4**	785.7	35.0
Food preparation appliances	**472.9**	**21.2**	486.0	21.7
Others	**115.8**	**5.2**	102.1	4.6
Total	**2,232.2**	**100.0**	2,239.4	100.0

Cleaning appliances include upright vacuums, robotic vacuums, cordless and corded stick vacuums and other floor care products. Cooking appliances include rice cookers, pressure cookers, induction cookers, air fryers, countertop grills and ovens, coffee and tea makers and other appliances and utensils for cooking.

Food preparation appliances include high-performance multifunctional blenders, soymilk makers, food processors and other small household appliances that facilitate the food preparation process. Others product category includes small household appliances, such as water purifiers, ventilators, water heaters, air purifiers, garment care and thermos.

During the Reporting Period, cleaning appliances remained the Group's largest product category, with revenue contribution of 39.2% for the Reporting Period. The cleaning category grew by 1.1% year-on-year to US$874.9 million. The growth in cleaning appliance revenue was driven by market share gains in most of the regions in which these products are sold, partially offset by the softer demand in the first half of 2022.

The cooking category dropped by 2.2% year-on-year to US$768.6 million during the Reporting Period as a result of softening demand in the U.S., partially offset by increases within the China market of air fryers and other cooking appliances.

During the Reporting Period, food preparation appliances recorded revenue decrease of 2.7%, with the revenue of US$472.9 million. The decline was primarily due to the softness in the demand in China market, partially offset by the expanded market share within North America.

During the Reporting Period, others product category recorded a year-on-year growth of 13.4% to approximately US$115.8 million, which was mainly driven by incremental revenue from new product categories launched in 2021 including air purifiers and hair dryers.

OTHER FINANCIAL INFORMATION

Cost of sales

For the Reporting Period, the cost of sales of the Group was approximately US$1,369.8 million (2021: US$1,331.0 million), representing a year-on-year increase of approximately 2.9%. The increase was primarily attributable to higher shipping costs, transportation expenses and commodity costs, partially offset by exclusions from tariffs on certain goods imported from China to the U.S. which were announced in March of 2022.

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

	For the six months ended June 30,			
	2022		2021	
	Amount	%	Amount	%
	(in US$ million, except percentages)			
SharkNinja segment	**928.0**	**67.7**	904.1	67.9
Joyoung segment	**441.8**	**32.3**	426.9	32.1
Total	**1,369.8**	**100.0**	1,331.0	100.0

For the Reporting Period, the SharkNinja segment recorded a total cost of sales of approximately US$928.0 million (2021: US$904.1 million), representing a year-on-year increase of approximately 2.6%. The increase was primarily attributable to higher shipping costs, transportation expenses and commodity costs, partially offset by exclusions from tariffs on certain goods imported from China to the U.S. which were announced in March of 2022.

For the Reporting Period, the Joyoung segment recorded a total cost of sales of approximately US$441.8 million (2021: US$426.9 million), representing a year-on-year increase of approximately 3.5%. The increase was primarily attributable to increase in transportation expenses for sales of products in the first half of 2022.

Management Discussion and Analysis

Gross profit

For the Reporting Period, the gross profit of the Group was approximately US$862.4 million (2021: approximately US$908.4 million), representing a year-on-year decrease of approximately 5.1%. The gross profit margin for the Reporting Period was 38.6%, representing a decrease of 2.0 percentage points from 40.6% for the six months ended June 30, 2021, primarily attributable to increase in shipping costs, transportation expenses and commodity costs. The gross profit of the Group has grown by 86.6 % compared to the first half of 2019.

	For the six months ended June 30,			
	2022		2021	
	Gross Profit	Gross Margin %	Gross Profit	Gross Margin %
	(in US$ million, except percentages)			
SharkNinja segment	**665.2**	**41.8**	692.4	43.4
Joyoung segment	**197.2**	**30.9**	216.0	33.6
Total	**862.4**	**38.6**	908.4	40.6

The gross profit of SharkNinja segment for the Reporting Period decreased by 3.9%, and its gross profit margin decreased from 43.4% for the six months ended June 30, 2021 to 41.8% for the Reporting Period. The decrease in gross profit margin was due to higher shipping costs and transportation expenses related to both the importation of goods into the U.S. and Europe and outbound shipping costs to customers and increased commodity and component costs. These costs escalated throughout 2021 and are being annualized in the first half of 2022, but are partially offset by tariff exclusions which were announced on March 23, 2022 by the Office of the United States Trade Representative. We had been paying tariffs on most vacuums, air fryers and air purifiers imported from China into the U.S. prior to these exclusions being announced. However, exclusions on the majority of those products have been reinstated through December 31, 2022 and retroactive to October 12, 2021. Gross profit margin also declined as a result of the devaluation of the British Pound and the Euro, since most of our revenue from the European region is denominated in those currencies.

The gross profit margin of Joyoung segment decreased from 33.6% for the six months ended June 30, 2021 to 30.9% for the Reporting Period, mainly due to higher transportation expenses for outbound of products to customers. These was partially offset by change of product mix which the proportion of new products with higher gross margin increased comparing with the first half of 2021.

Other income and gains

Other income and gains of the Group primarily include (i) gain or loss on financial assets at their fair value; (ii) government grants (mainly relating to research and promotion activities, innovation and patents); (iii) bank interest income; and (iv) net rental income from investment property operating leases.

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

	For the six months ended June 30,	
	2022	2021
	(in US$ million)	
Other income		
Bank interest income	**3.7**	4.9
Net rental income from investment property operating leases	**1.2**	—
Government grants	**12.3**	11.1
Others	**0.4**	0.3
Subtotal	**17.6**	16.3
Gains		
Gain/(loss) on financial assets at fair value through profit or loss, net	**(3.0)**	6.9
Others	**2.2**	4.8
Subtotal	**(0.8)**	11.7

For the Reporting Period, other income and gains of the Group was approximately US$16.8 million (2021: US$28.0 million), representing a year-on-year decrease of approximately 40.0%. The decrease was primarily due to net loss recognized on financial assets at fair value through profit or loss during the Reporting Period while net gain was noted in the same period last year.

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) trade marketing expenses in relation to marketing and branding expenses primarily at sales channel; (iv) staff cost in relation to sales and distribution staff; (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 six months ended June 30,	
	2022	2021
	(in US$ million)	
Advertising expenses	**119.2**	142.5
Warehousing and transportation expenses	**73.8**	104.0
Trade marketing expenses	**67.6**	63.3
Staff cost	**57.8**	44.3
Business development expenses	**8.1**	7.9
Office expenses and others	**25.5**	16.3
Total	**352.0**	378.3

The Group's selling and distribution expenses decreased by approximately 7.0% year-on-year from approximately US$378.3 million for the six months ended June 30, 2021 to approximately US$352.0 million for the Reporting Period, which was mainly driven by a reduction of advertising expenses, partially offset by additional staff costs as a result of the growth that the business has seen in the past two years and certain other expenses.

Administrative expenses

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

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

	For the six months ended June 30,	
	2022	2021
	(in US$ million)	
Staff cost	**142.4**	143.4
Professional service fees	**33.0**	29.0
Depreciation and amortization	**28.6**	31.4
Office expenses	**14.3**	12.4
Other	**58.2**	50.0
Total	**276.5**	266.2

The Group's administrative expenses increased by approximately 3.9% year-on-year from approximately US$266.2 million for the six months ended June 30, 2021 to approximately US$276.5 million for the Reporting Period. The increase was primarily attributable to new product development and international expansion.

Other expenses

Other expenses of the Group primarily consist of (i) foreign exchange differences, net; (ii) impairment on prepayments and other assets; and (iii) other expenses.

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

	For the six months ended June 30,	
	2022	2021
	(in US$ million)	
Foreign exchange difference, net[12]	**4.7**	—
Impairment of prepayments and other assets	**1.4**	1.1
Other	**0.7**	2.7
Total	**6.8**	3.8

12 The foreign exchange difference, net for the last period was net exchange gain which was included in "other income and gains".

Management Discussion and Analysis

The Group's other expenses increased by approximately 78.9% year-on-year from approximately US$3.8 million for the six months ended June 30, 2021 to approximately US$6.8 million for the Reporting Period. The increase was primarily due to increase in foreign exchange loss from devaluation of the British Pound and the Euro in SharkNinja segment in the first half of 2022.

Finance costs

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

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

	For the six months ended June 30,	
	2022	2021
	(in US$ million)	
Interest on bank loans	**11.3**	9.9
Interest on lease liabilities	**2.0**	1.6
Amortization of deferred finance costs	**2.6**	2.1
Other finance costs[13]	**0.7**	0.1
Total	**16.6**	13.7

Finance costs of the Group increased by approximately 21.2% year-on-year from approximately US$13.7 million for the six months ended June 30, 2021 to approximately US$16.6 million for the Reporting Period. The increase was primarily attributable to increase in bank borrowings during the Reporting Period.

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% (2021: 25%) on their respective taxable income. During the period, five (2021: five) 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.

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

During the Reporting Period, the Group's subsidiaries in the U.S. were subject to the U.S. federal income tax at the rate of 21.0%, and to various U.S. state income taxes at rates ranging from 0.38% to 11.5%. The Group's subsidiaries in the United Kingdom were subject to the income tax rate of 19.0% during the Reporting Period.

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime.

Income tax expense of the Group decreased by approximately 8.3% year-on-year from approximately US$52.7 million for the six months ended June 30, 2021 to approximately US$48.3 million for the Reporting Period. The decrease was primarily attributable to the decrease of profit before tax during the Reporting Period.

Net profit

As a result of the foregoing reasons, net profit for the Group decreased by approximately 16.9% from approximately US$217.7 million for the six months ended June 30, 2021 to approximately US$180.9 million for the Reporting Period.

NON-IFRS MEASURES

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

Management Discussion and Analysis

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

	For the six months ended June 30,	
	2022	2021
	(in US$ million)	
Profit for the period	**180.9**	217.7
Add:		
Items arising from acquisition and relating to the Reorganization	**9.8**	9.8
Amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja	**9.8**	9.8
Non-recurring items and items not related to the Company's ordinary course of business	**16.2**	14.3
Stock-based compensation[14]	**13.1**	17.3
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**—**	(1.1)
Loss/(gain) on fair value change from equity investments	**3.1**	(1.9)
Adjusted net profit	**206.9**	241.8
Attributable to:		
Owners of the parent	**188.9**	215.0
Non-controlling interests	**18.0**	26.8
	206.9	241.8

14 The amount includes stock-based compensation of US$6.2 million and an one-off adjustment of US$6.9 million on employee receivables related to stock-based compensation.

	For the six months ended June 30, 2022 (in US$ million)	2021
Profit before tax	**229.3**	270.4
Add:		
Finance cost	**16.6**	13.7
Depreciation and amortization	**60.0**	57.0
Bank interest income	**(3.7)**	(4.9)
EBITDA	**302.2**	336.2
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	**16.2**	14.3
Stock-based compensation[15]	**13.1**	17.3
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries.	**—**	(1.1)
Loss/(gain) on fair value change from equity investments	**3.1**	(1.9)
Adjusted EBITDA	**318.4**	350.5

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

15 The amount includes stock-based compensation of US$6.2 million and an one-off adjustment of US$6.9 million on employee receivables related to stock-based compensation.

Liquidity and financial resources

Inventory

The Group's inventory increased by 7.1% from approximately US$782.3 million as of December 31, 2021 to approximately US$837.5 million as of June 30, 2022. Inventory turnover days[16] in the first half of 2022 was 108 days, compared to 76 days in 2021. The increase in inventory turnover days was primarily due to seasonality, since the second half year sales are typically higher than the first half, leading to higher inventory balances as of June 30, 2022. In addition, retailers tended to manage their overall inventory to lower levels in the first half of 2022.

Trade and bills receivables

The Group's trade receivables decreased by 32.3% from approximately US$1,245.8 million as of December 31, 2021 to approximately US$844.0 million as of June 30, 2022. Such decrease was primarily attributable to seasonality of our business with the second half of the year normally outperforms the first half of the year in North America, Europe and China. Trade receivables turnover days[17] decreased from 86 days in 2021 to 85 days in the first half of 2022.

Trade and bills payables

The Group's trade payables decreased by 15.8% from approximately US$879.1 million as of December 31, 2021 to approximately US$740.5 million as of June 30, 2022. Such decrease was primarily attributable to seasonality of our business. Trade payables turnover days[18] increased from 98 days in 2021 to 108 days in the first half of 2022.

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

As of June 30, 2022, the Group had cash and cash equivalents of approximately US$550.9 million as compared to US$555.5 million as of December 31, 2021. The cash and cash equivalents of the Group are mainly denominated in HK$, RMB and US$.

As of June 30, 2022, the Group's total borrowings amounted to approximately US$975.2 million, representing a increase of approximately 3.5% compared to approximately US$942.1 million as of December 31, 2021. As of June 30, 2022, all of the Group's borrowings were denominated in US$, and the borrowings interest rates were based on floating interest rates.

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16 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.

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

18 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 following table sets forth a breakdown of the bank borrowings of the Group as of June 30, 2022.

	As of June 30, 2022 (in US$ million)
Interest-bearing bank borrowings (current portion)	**204.6**
Interest-bearing bank borrowings (non-current portion)	**770.6**
Total	**975.2**

The table below sets forth the aging analysis of the repayment terms of bank borrowings as of June 30, 2022.

	As of June 30, 2022 (in US$ million)
Repayable within one year	**204.6**
Repayable within one to two years	**173.1**
Repayable within two to five years	**597.5**
Total	**975.2**

As of June 30, 2022, the Group had total bank facilities of approximately US$1,087.5 million (December 31, 2021: approximately US$1,150.0 million), of which bank facilities of approximately US$105.0 million were unutilized (December 31, 2021: approximately US$200.0 million).

Gearing ratio

As of June 30, 2022, the Group's gearing ratio (calculated as the total debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity) was 54.5%, representing an increase of 5.2 percentage points as compared with 49.3% as of December 31, 2021. The increase was primarily attributable to increase in the bank borrowings during the Reporting Period.

Foreign exchange risk

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

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

Interest rate risk

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

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

Charge on assets

As of June 30, 2022, certain equity interests in the Group's subsidiaries and certain deposits had been pledged to secure the Group's borrowings of a total amount of US$975.2 million. As of June 30, 2022, the total pledged assets accounted for approximately 56.3% of the total assets of the Group.

Capital expenditures

The capital expenditure of the Group consists of additions to property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and other intangible assets, including assets from the acquisition of a subsidiary. For the Reporting Period, capital expenditures of the Group amounted to approximately US$69.4 million (2021: US$53.9 million).

Contingent liabilities

As of June 30, 2022, the Group did not have any significant contingent liabilities.

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.

PROSPECT & STRATEGY

Growth Strategies

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

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

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

With regards to product innovation, we continually seek to expand the product portfolio within the categories that we are already in. Further, we plan to expand into categories that are brand new to the U.S., including outdoor cooking, bakeware, and home environment, in addition to further expansion within personal care and beauty, cutlery, air purifiers, cookware, and ice cream maker where the Ninja CREAMi was launched in 2021. We also plan to launch new products for both the Shark and Ninja brands into existing categories in our domestic and international markets. For the Shark brand, we have new products planned for hair care, cordless vacuums, robotic vacuums, wand vacuums, and air purifiers. For the Ninja brand, we have new products planned for ice cream maker, cutlery, heated cooking, coffee maker, motorized appliances and indoor grilling. The Shark brand also has a new Two-in-One vacuum planned to launch into that new category, whereas the Woodfire grill is the first product planned in the outdoor grilling category for our Ninja brand. We also focus on continuing to drive synergies between SharkNinja and Joyoung businesses on both the cost side and the sales side. With respect to the cost side, the supply chain and engineering teams have been working closely to identify common materials and components used by both businesses in order to use combined volumes to negotiate for lower costs. In addition, end suppliers are being shared by both segments in order to increase the total number of suppliers available to both segments and help to create a more competitive supplier landscape. On the sales side, we continue to expand the product portfolio under the Shark brand in China.

The core competitiveness of Joyoung is mainly reflected in the advantages of mid-to-high-end, all category and multi-brand positionings; the nationwide online and offline sales network, especially the new retail channels represented by retail stores "Shopping Mall" and the operational advantages of content e-commerce; the product advantages of insight into consumer needs and focusing on the core mainstream category innovation; and the use of digital middle platform to explore the value of big data and strengthen the advantages of digital operation. In addition, Joyoung has two major brand assets, namely "Home Kitchen" and "Charity Kitchen": hundreds of millions of products provide convenience to users in their "Home Kitchens" and thousands of "Charity Kitchens" provide meals to over 500,000 rural children every day.

Impact of COVID-19

The COVID-19 outbreak has caused a global health emergency that has impacted our business in a number of ways. The health and safety of our employees and their families, suppliers and other business partners and customers has been and will continue to be our top priority throughout this pandemic so we have proactively implemented preventative health measures. Although the COVID-19 vaccine is now available, the duration of the COVID-19 outbreak remains uncertain due to recent variants formed and its full impact is not yet known.

In the U.S. and Europe, people have returned to their pre-pandemic routines to a certain extent as vaccines have been rolled out, although we are still seeing a much higher percentage of people working at home rather than at the office than prior to the COVID-19 pandemic. We expect some elements of the stay-at-home economy to remain even after the COVID-19 pandemic is behind us.

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

As the vaccination rate in China increases and the awareness of personal protection increases, we believe the epidemic will eventually end and the domestic small home appliance innovation will continue to lead the global market. However, the COVID-19 outbreaks within China and the resulting lockdowns have continued to be an influence on our business as they have impacted both consumer demand, as well as created disruption in supply which we have largely been able to manage throughout without a significant impact on our business. As a leading brand in the domestic small home appliance industry, Joyoung will continue to insist on innovation, actively grasp the growth trend, develop and innovate more new categories to meet the market demand, devote itself to entering new fields such as cleaning small home appliances, and devote itself to building the company into a full category of high-quality small home appliance leader.

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

Global Supply Chain and Macroeconomic Factors

Continuing in the first half of 2022, we saw a number of disruptions to the global supply chain which have impacted our business. Due to these circumstances, we saw an increase in global ocean freight costs, and an overall shortage of containers which we need to ship our goods from China and other countries to North America, Europe and other markets. As demand remained strong in 2021, we saw a shortage of shipping containers, congestion and back up at ports, and rising ocean freight costs. Ocean freight costs have remained high throughout the first half of 2022 but have started to decrease from their high points in 2021. Port congestion has also subsided fairly since the first quarter of 2022, to the extent that we are no longer seeing prolonged delays in receiving our goods at the ports in the U.S., but the congestion may return during peak periods in the second half of 2022.

We are also seeing rising commodities and component prices as well as fuel prices, all of which impact our cost of goods sold. While we are starting to see commodity and component costs come down from their peaks in 2021, they are still elevated compared with where they were before the pandemic.

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

Going-Forward Impact of Trade War

Most of the vacuums, air fryers and air purifiers that we import from China to the U.S. have been subject to the ongoing trade war between the U.S. and China. As a result, we paid 25% tariffs on those goods imported into the U.S. during 2021. However, on March 23, 2022, the Office of the United States Trade Representative announced that tariff exclusions on most of our products that had been subject to those 25% tariffs would be reinstated through December 31, 2022, retroactive to October 12, 2021. Accordingly, we expect to be able to import the majority of the vacuums, air friers and air purifiers that are produced in China into the U.S. without tariffs during 2022. As a result of trade war between the U.S. and China as well as the desire to further diversify our supply chain, we have continued to source finished goods from outside of China with suppliers in Vietnam and Thailand. We are also working with those suppliers to improve supply chain efficiency and reduce their costs to be closer to the cost we pay for products produced in China moving forward. While we are optimistic that the tariff exclusions will be made permanent or extended for a period of time beyond 2022, we are maintaining our focus on a diversified supply chain by shifting production out of China and working on initiatives to lower our product cost on those goods.

Corporate Governance and Other Information

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant events subsequent to June 30, 2022.

CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHANGES IN COMPOSITION OF BOARD COMMITTEES

On August 29, 2022, Dr. Wong Tin Yau Kelvin resigned as an independent non-executive Director, the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Strategy Committee.

On the same day, Mr. Ding Yuan was appointed as an independent non-executive Director, the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Strategy Committee.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes of Director's information are as follows: Mr. Yang Xianxiang has served as a non-independent director of Shanghai Fortune Techgroup Co., Ltd (上海潤欣科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 300493) since May 18, 2021.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

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

For more details of the Facilities Agreement, please refer to the announcement of the Company dated September 17, 2020.

Save as disclosed above, the Directors are not aware of any circumstances which would be required to disclose herein pursuant to the requirements under Rule 13.21 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

During the Reporting Period, the Company has complied with all the applicable code provisions set out in Part 2 of the CG Code, except for the following deviation:

CODE PROVISION C.2.1 OF THE CG CODE — CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

After taking into consideration the factors below, the Board considers that vesting the roles of the Chairman and Chief Executive Officer in the same person, being Mr. Wang Xuning, is beneficial to the Group's business prospects and operational coordination between Joyoung and SharkNinja Operating LLC: 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. (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.

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

As of June 30, 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange under the Model Code, were as follows:

(i) Interest in Shares of the Company

Name of Director or chief executive	Nature of interest	Long position/ short position	Number of Shares	Approximate percentage of shareholding in the Company[1]
Mr. Wang Xuning[2][3][4]	Founder and beneficiary of a discretionary trust, interest in controlled corporations, interest held jointly with other persons	Long position	1,934,882,576	55.37%
	Beneficial interest	Long position	47,759,890	1.37%
Ms. Han Run[2][5]	Interest in controlled corporations, interest held jointly with other persons	Long position	1,603,578,331	45.89%
	Beneficial interest	Long position	11,429,472	0.33%
Ms. Huang Shuling[2]	Interest in controlled corporations, interest held jointly with other persons	Long position	1,603,578,331	45.89%

Notes:

(1) The approximate percentage of shareholding in the Company was calculated based on the total number of issued Shares, which was 3,494,612,277 as of June 30, 2022.

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

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

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

Mr. Wang Xuning held 36,430,416 Shares and was interested in 11,329,474 restricted stock units granted to him under the RSU Plan entitling him to receive up to 11,329,474 Shares, subject to vesting.

(5) Ms. Han Run held 8,597,104 Shares and was interested in 2,832,368 restricted stock units granted to her under the RSU Plan entitling her to receive up to 2,832,368 Shares, subject to vesting.

(ii) Interest in associated corporations

Name of Director or chief executive	Nature of interest	Long position/ short position	Associated corporations	Number of shares	Approximate percentage of shareholding in the associated corporation[1]
Ms. Han Run[2][3]	Beneficial interest	Long position	Joyoung	1,040,000	0.14%
Ms. Huang Shuling[2][4]	Beneficial interest	Long position	Joyoung	330,000	0.04%

Notes:

(1) The approximate percentage of shareholding in the associated corporation was calculated based on the total number of issued shares of Joyoung, which was 767,017,000 as of June 30, 2022.

(2) On June 1, 2021, Ms. Han Run and Ms. Huang Shuling were granted 900,000 and 300,000 options, respectively, which entitled them to subscribe for the equivalent number of shares in Joyoung in accordance with certain conditions under the Subsidiary Option Scheme. On March 30, 2022, Ms. Han Run and Ms. Huang Shuling were cancelled 360,000 and 120,000 options due to triggering the conditions under the Subsidiary Option Scheme. For more details, please refer to "SHARE OPTION SCHEME — Subsidiarity Option Scheme" in this interim report.

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

(4) Ms. Huang Shuling held 150,000 shares of Joyoung.

Save as disclosed above, so far as the Directors are aware, as of June 30, 2022, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange under the Model Code.

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

As of June 30, 2022, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of interest	Long position/ short position	Number of Shares held	Approximate percentage of shareholding in the Company[1]
JS Holding[2]	Beneficial interest	Long position	1,603,578,331	45.89%
Hezhou[2]	Interest in controlled corporation	Long position	1,603,578,331	45.89%
Tong Zhou[2]	Interest in controlled corporation	Long position	1,603,578,331	45.89%
Jin Cheng Company Limited ("**Jin Cheng**") [3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Mr. Zhu Hongtao[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Fortune Spring Company Limited ("**Fortune Spring**") [3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Mr. Zhu Zechun[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Tuo Ge Company Limited ("**Tuo Ge**") [3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Ms. Yang Ningning[3][4]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
	Beneficial interest	Long position	11,329,472	0.32%
Yuan Jiu Company Limited ("**Yuan Jiu**") [3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Xi Yu Company Limited ("**Xi Yu**") [3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Jin Yu Company Limited ("**Jin Yu**") [3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%
Mr. Jiang Guangyong[3]	Interest held jointly with other persons	Long position	1,603,578,331	45.89%

Name of Shareholder	Nature of interest	Long position/ short position	Number of Shares held	Approximate percentage of shareholding in the Company[1]
Sol SPC[5]	Beneficial interest	Long position	331,304,245	9.48%
STL[5]	Interest in controlled corporation	Long position	331,304,245	9.48%
XHL[2][3][5]	Interest in controlled corporations, interest held jointly with other persons	Long position	1,934,882,576	55.37%
WFHL	Interest in controlled corporations, interest held jointly with other persons	Long Position	1,934,882,576	55.37%
WFGL	Interest in controlled corporations, interest held jointly with other persons	Long Position	1,934,882,576	55.37%
Trident Trust Company (HK) Limited	Interest in controlled corporations, interest held jointly with other persons	Long Position	1,934,882,576	55.37%
Easy Home Limited ("**Easy Home**") [6]	Beneficial interest	Long position	175,236,139	5.01%
CDH Fund V, L.P.[6]	Interest in controlled corporation	Long position	213,292,305	6.10%
CDH V Holdings Company Limited[6]	Interest in controlled corporation	Long position	213,292,305	6.10%
China Diamond Holdings V Limited[6]	Interest in controlled corporation	Long position	213,292,305	6.10%
China Diamond Holdings Company Limited[6]	Interest in controlled corporation	Long position	213,292,305	6.10%
JPMorgan Chase & Co.[7]	Interest in controlled corporation, investment manager, and person having a security interest in shares	Long position	171,919,549	4.92%
	Interest in controlled corporation	Short position	12,651,529	0.36%
	Approved lending agent	Lending pool	41,602,746	1.19%

Notes:

(1) The percentage of shareholding in the Company was calculated based on the total number of issued Shares, which was 3,494,612,277 as of June 30, 2022.

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

(3) XHL was wholly-owned by WFHL, the entire issued share capital of which is in turn wholly-owned by WFGL. The issued share capital of WFGL is directly owned by Trident Trust Company (HK) Limited, being the trustee of the Wang's Family Trust. Mr. Wang Xuning established the Wang's Family Trust for the benefit of himself and his family members, Jin Cheng was wholly-owned by Mr. Zhu Hongtao, Fortune Spring was wholly-owned by Mr. Zhu Zechun, Tuo Ge was wholly-owned by Ms. Yang Ningning, Yuan Jiu was wholly-owned by Ms. Huang Shuling, Xi Yu was wholly-owned by Ms. Han Run, and Jin Yu was wholly-owned by Mr. Jiang Guangyong. Mr. Wang Xuning, Mr. Zhu Hongtao, Mr. Zhu Zechun, Ms. Yang Ningning, Ms. Huang Shuling, Ms. Han Run and Mr. Jiang Guangyong, respectively through XNL, Jin Cheng, Fortune Spring, Tuo Ge, Yuan Jiu, Xi Yu and Jin Yu commonly hold their interest in the Company through JS Holding and formed the Controlling Shareholders Group. As such, each of Mr. Wang Xuning, Mr. Zhu Hongtao, Mr. Zhu Zechun, Ms. Yang Ningning, Ms. Huang Shuling, Ms. Han Run and Mr. Jiang Guangyong is deemed to be interested in the Shares held by other members of the Controlling Shareholders Group, and each of the Controlling Shareholders Group is deemed to be interested in the 1,603,578,331 Shares held by JS Holding for the purpose of Part XV of the SFO.

(4) Ms. Yang Ningning was granted 11,329,472 restricted stock units on October 12, 2019, entitling her to receive up to 11,329,472 ordinary shares subject to vesting, of which 7,307,509 restricted stock units had been vested as at June 30, 2022.

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

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

(7) 213,522,295 Shares are held by JPMorgan Chase & Co. in long position as to (i) 19,095,029 Shares in the capacity as interest of controlled corporations, (ii) 147,699,493 Shares in the capacity as investment manager, (iii) 5,125,027 Shares in the capacity as person having a security interest in shares, and (iv) 41,602,746 Shares in the capacity as approved lending agent.

12,651,529 Shares are in short position held by JPMorgan Chase & Co. in the capacity as interest of controlled corporations.

Save as disclosed herein, as of June 30, 2022, the Company had not been notified by any person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

Subsidiary Option Scheme

On May 28, 2021, the Company approved and adopted the share option incentive scheme of Joyoung whose shares are listed on the Shenzhen Stock Exchange and being a subsidiary of the Company (the "**Subsidiary Option Scheme**") and followed by the registration on Shenzhen Stock Exchange on June 1, 2021. The Subsidiary Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

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

Category/ Name of Grantee	Date of Conditional Grant	Completion Date of Grant	Exercise Period	Exercise Price per Share RMB	Outstanding as at January 1, 2022	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Outstanding as at June 30, 2022
Executive Director or substantial shareholder of the Company										
Ms. Han Run	April 29, 2021	June 1, 2021	June 2, 2021 – June 1, 2025	21.99	900,000	–	360,000	–	–	540,000
Ms. Yang Ningning	April 29, 2021	June 1, 2021	June 2, 2021 – June 1, 2025	21.99	1,500,000	–	600,000	–	–	900,000
Ms. Huang Shuling	April 29, 2021	June 1, 2021	June 2, 2021 – June 1, 2025	21.99	300,000	–	120,000	–	–	180,000
Mr. Jiang Guangyong	April 29, 2021	June 1, 2021	June 2, 2021 – June 1, 2025	21.99	300,000	–	120,000	–	–	180,000
Subtotal					3,000,000	–	1,200,000	–	–	1,800,000
Other Employees										
91 eligible employees	April 29, 2021	June 1, 2021	June 2, 2021 – June 1, 2025	21.99	12,600,000	–	5,754,000	–	–	6,846,000
Total					15,600,000	–	6,954,000	–	–	8,646,000

Notes:

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from the minimum public float requirement under Rule 8.08(1) of the Listing Rules such that the Company is subject to a minimum public float of 17.16%. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the public float of the Company complied with such requirement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2022, the Group had approximately 5,681 employees in total (as of December 31, 2021: 5,582), in which approximately 3,867 employees were with its operations in China, approximately 1,070 employees were with its operations in the U.S., and approximately 744 employees were with other countries, or region operations. For the Reporting Period, the Group recognized staff costs of US$200.2 million (2021: US$187.7 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 Group 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 unit plan (the "**RSU Plan**") on October 9, 2019 (amended on December 14, 2020, June 4, 2021, December 30, 2021 and March 29, 2022 respectively), and (i) issued and allotted 141,618,409 ordinary shares with a par value of US$0.00001 pursuant to the RSU Plan on October 25, 2019, which represent approximately 4.05% of the issued share capital of the Company as at the date of this report; (ii) issued and allotted 5,500,000 ordinary shares with a par value of US$0.00001 pursuant to the RSU Plan on January 18, 2021, which represent approximately 0.16% of the issued share capital of the Company as at the date of this report. As of June 30, 2022, the Company had granted an aggregate of 141,602,148 restricted stock units, in which 1,042,000 restricted stock units were granted in the six months ended June 30, 2022, and of which 16,731,463 and 16,083,866 restricted stock units were vested on April 1, 2022 and April 8, 2022 respectively, in accordance with the terms and conditions of the RSU Plan.

With the aim to further improving the corporate governance structure of Joyoung (a subsidiary of the Company), establishing and enhancing the long-term incentive and constraint mechanism of Joyoung, attracting and retaining talents, the Company approved and adopted the Subsidiary Option Scheme. On June 1, 2021 following the registration on Shenzhen Stock Exchange, it has offered the first grant of 15,600,000 options pursuant to the Subsidiary Option Scheme to 107 eligible persons upon the approval of the Company's shareholders at the extraordinary general meeting of the Company held on May 28, 2021. For more details, please refer to the circular of the Company dated May 12, 2021 and the announcements of the Company dated May 28, 2021 and June 2, 2021. On March 28, 2022, with the authorization of the first extraordinary general meeting of Joyoung of 2021, the fourteenth meeting of the fifth board of directors and the thirteenth meeting of the fifth board of supervisors of Joyoung approved (i) the forfeiture and cancelation of 1.19 million options granted to 12 persons as these persons ceased to be eligible persons due to resignation; and (ii) the forfeiture and cancelation of 5.764 million options granted to the eligible persons due to failure to meet the performance target. Upon the completion of the above cancelations, the number of eligible persons has been adjusted from 107 to 95 and the number of unexercised share options has been adjusted to 8.646 million options.

On March 28, 2022, Joyoung adopted the phase I employee stock ownership plan (the "**JY ESOP I**"), which was amended on April 1, 2022 and approved by the shareholders of Joyoung on April 22, 2022. Pursuant to the JY ESOP I, the funding of the JY ESOP I comes from the remuneration of the employees, the self-raised funding of the employees and other sources of funding allowed by applicable laws and regulations. The maximum amount of funding that may be raised by the JY ESOP I is RMB208,000,000 and Joyoung will not provide any means of financial assistance to the eligible employees. The sources of shares (the "**Target Shares**") of JY ESOP I include A shares of Joyoung repurchased through the designated share repurchase account of Joyoung, A shares of Joyoung purchased from secondary market and other means allowed by the applicable laws and regulations. The JY ESOP I plans to use (i) a maximum of 8,000,000 shares repurchased through the designated share repurchase account of Joyoung; and (ii) such number of shares purchased from secondary market at market price with a maximum amount of RMB200,000,000 for the JY ESOP I. The JY ESOP I will include a maximum of 30 eligible employees, including directors, senior management and core management team of Joyoung and its subsidiaries. The term of the JY ESOP I is 72 months. The Target Shares granted to the relevant eligible employee will vest on the 12th, 24th, 36th, 48th, 60th month from the date of transfer of the relevant Target Shares to such eligible employee and 20% of the total number of the Target Shares granted to such eligible employee will vest at each time of vesting. As at August 31, 2022, Joyoung had repurchased 10,800,000 of its own shares for the JY ESOP I, representing 1.41% of the total issued share capital of Joyoung, with a total consideration of RMB185,690,645.84 (maximum price: RMB19.65 per share, minimum price: RMB14.68 per share). The above repurchases have complied with the applicable laws and regulations of the PRC.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2022 (six months ended June 30, 2021: Nil).

AUDIT COMMITTEE

During the Reporting Period, the Audit Committee consisted of three independent non-executive Directors, namely Dr. Wong Tin Yau Kelvin (Chairman), Mr. Timothy Roberts Warner and Mr. Yang Xianxiang. The Audit Committee (consisted of 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 unaudited interim condensed consolidated financial information for the Reporting Period, including the accounting principles and practices adopted by the Group.

Ernst & Young, the external auditor of the Company, has reviewed the unaudited consolidated financial information of the Group for the Reporting Period in accordance with the Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants.

Independent Review Report

EY 安永

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

Introduction

We have reviewed the interim financial information set out on pages 42 to 80, which comprises the condensed consolidated statement of financial position of JS Global Lifestyle Company Limited (the "**Company**") and its subsidiaries (the "**Group**") as at June 30, 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**") issued by the International Accounting Standards Board (the "**IASB**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
August 29, 2022

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2022

	Notes	2022 US$'000 (Unaudited)	2021 US$'000 (Unaudited)
REVENUE	4	**2,232,236**	2,239,443
Cost of sales		**(1,369,782)**	(1,331,052)
Gross profit		**862,454**	908,391
Other income and gains	5	**16,795**	28,036
Selling and distribution expenses		**(351,972)**	(378,352)
Administrative expenses		**(276,450)**	(266,249)
Impairment losses on financial assets		**(1,324)**	(5,578)
Other expenses		**(6,775)**	(3,817)
Finance costs	6	**(16,558)**	(13,673)
Share of profits and losses of associates		**3,090**	1,586
PROFIT BEFORE TAX	7	**229,260**	270,344
Income tax expense	8	**(48,316)**	(52,688)
PROFIT FOR THE PERIOD		**180,944**	217,656
Attributable to:			
Owners of the parent		**163,909**	193,422
Non-controlling interests		**17,035**	24,234
		180,944	217,656
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
— Basic		**US4.8 cents**	US5.7 cents
— Diluted		**US4.8 cents**	US5.7 cents

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2022

	2022 US$'000 (Unaudited)	2021 US$'000 (Unaudited)
PROFIT FOR THE PERIOD	**180,944**	217,656
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(59,841)**	9,495
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(59,841)**	9,495
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	**291**	279
Income tax effect	**(39)**	(47)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**252**	232
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(59,589)**	9,727
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**121,355**	227,383
Attributable to:		
Owners of the parent	**116,979**	200,941
Non-controlling interests	**4,376**	26,442
	121,355	227,383

Interim Condensed Consolidated Statement of Financial Position

As of June 30, 2022

	Notes	June 30, 2022 US$'000 (Unaudited)	December 31, 2021 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**202,661**	205,840
Investment properties		**18,139**	19,997
Prepaid land lease payments		**15,179**	16,170
Right-of-use assets		**75,935**	78,641
Goodwill		**848,859**	849,296
Other intangible assets		**599,209**	588,369
Investments in associates		**28,816**	27,330
Financial assets at fair value through profit or loss		**86,541**	81,197
Financial assets designated at fair value through other comprehensive income		**44,346**	44,728
Deferred tax assets		**64,764**	77,073
Other non-current assets		**40,973**	41,095
Total non-current assets		**2,025,422**	2,029,736
CURRENT ASSETS			
Inventories		**837,512**	782,280
Trade and bills receivables	12	**844,001**	1,245,748
Prepayments, other receivables and other assets	13	**154,950**	84,964
Financial assets at fair value through profit or loss		**69,427**	82,068
Pledged deposits	14	**59,482**	28,558
Cash and cash equivalents	14	**550,891**	555,457
Total current assets		**2,516,263**	2,779,075
CURRENT LIABILITIES			
Trade and bills payables	15	**740,503**	879,078
Other payables and accruals	16	**617,095**	618,441
Derivative financial instruments		**1,077**	66
Interest-bearing bank borrowings	18	**204,628**	85,272
Lease liabilities		**16,515**	19,167
Tax payable		**19,149**	21,373
Total current liabilities		**1,598,967**	1,623,397

continued/...

Interim Condensed Consolidated Statement of Financial Position

As of June 30, 2022

	Notes	June 30, 2022 US$'000 (Unaudited)	December 31, 2021 US$'000 (Audited)
NET CURRENT ASSETS		**917,296**	1,155,678
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,942,718**	3,185,414
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	18	**770,547**	856,874
Lease liabilities		**70,685**	68,174
Deferred tax liabilities		**130,402**	151,661
Other non-current liabilities		**22,424**	19,810
Total non-current liabilities		**994,058**	1,096,519
Net assets		**1,948,660**	2,088,895
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**34**	34
Treasury shares		**(32,614)**	(2,956)
Share premium		**1,064,487**	1,064,487
Capital reserve		**(39,860)**	(27,266)
Reserves		**768,197**	825,798
		1,760,244	1,860,097
Non-controlling interests		**188,416**	228,798
Total equity		**1,948,660**	2,088,895

Wang Xuning
Director

Han Run
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

	Attributable to owners of the parent											
	Issued capital US$'000	Treasury shares US$'000	Share premium US$'000	Capital reserve US$'000	Statutory reserve US$'000	Share award reserve US$'000	Fair value reserve US$'000	Foreign currency translation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At January 1, 2022 (audited)	34	(2,956)	1,064,487	(27,266)	54,475	39,809	2,610	31,447	697,457	1,860,097	228,798	2,088,895
Profit for the period	–	–	–	–	–	–	–	–	163,909	163,909	17,035	180,944
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(47,100)	–	(47,100)	(12,741)	(59,841)
Change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	170	–	–	170	82	252
Total comprehensive income for the period	–	–	–	–	–	–	170	(47,100)	163,909	116,979	4,376	121,355
Equity-settled share award scheme	–	–	–	–	–	4,762	–	–	–	4,762	(6)	4,756
Settlement of share award scheme (a)	–	–	–	–	–	(27,121)	–	–	27,121	–	–	–
Dividends declared by subsidiaries	–	–	–	–	–	–	–	–	–	–	(38,681)	(38,681)
2021 final dividend declared	–	–	–	–	–	–	–	–	(179,342)	(179,342)	–	(179,342)
Repurchase of shares for share award scheme (b)	–	(29,658)	–	–	–	–	–	–	–	(29,658)	–	(29,658)
Repurchase of a subsidiary's shares for share award scheme (c)	–	–	–	(12,594)	–	–	–	–	–	(12,594)	(6,071)	(18,665)
At June 30, 2022 (unaudited)	34	(32,614)	1,064,487	(39,860)	54,475*	17,450*	2,780*	(15,653)*	709,145*	1,760,244	188,416	1,948,660

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

	Attributable to owners of the parent										
	Issued capital US$'000	Share premium US$'000	Capital reserve US$'000	Statutory reserve US$'000	Share award reserve US$'000	Fair value reserve US$'000	Foreign currency translation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At January 1, 2021 (audited)	34	1,062,659	69,538	54,475	47,359	1,751	20,447	355,515	1,611,778	308,589	1,920,367
Profit for the period	–	–	–	–	–	–	–	193,422	193,422	24,234	217,656
Exchange differences on translation of foreign operations	–	–	–	–	–	–	7,364	–	7,364	2,131	9,495
Change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	–	–	–	–	–	155	–	–	155	77	232
Total comprehensive income for the period	–	–	–	–	–	155	7,364	193,422	200,941	26,442	227,383
Acquisition of non-controlling interests (d)	–	–	(97,002)	–	–	–	–	–	(97,002)	(81,979)	(178,981)
Equity-settled share award scheme	–	–	22	–	22,130	–	–	–	22,152	(179)	21,973
Settlement of share award scheme (a)	–	–	–	–	(28,155)	–	–	28,155	–	–	–
Dividends declared by subsidiaries	–	–	–	–	–	–	–	–	–	(39,262)	(39,262)
2020 final dividends declared	–	–	–	–	–	–	–	(115,912)	(115,912)	–	(115,912)
At June 30, 2021 (unaudited)	34	1,062,659	(27,442)	54,475*	41,334*	1,906*	27,811*	461,180*	1,621,957	213,611	1,835,568

Notes:

* The reserve accounts comprise the consolidated reserves of US$768,197,000 (June 30, 2021: US$586,706,000) in the consolidated statement of financial position.

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

(b) During the period ended June 30, 2022, the Company purchased 23,662,000 shares on the Stock Exchange at an aggregate consideration of approximately US$29,658,000.

(c) During the period ended June 30, 2022, a subsidiary repurchased 7,428,000 of its own shares from the market at an aggregate consideration of approximately US$18,665,000.

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Notes	2022 US$'000 (Unaudited)	2021 US$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**229,260**	270,344
Adjustments for:			
Finance costs	6	**16,558**	13,673
Share of profits and losses of associates		**(3,090)**	(1,586)
Interest income	5	**(3,688)**	(4,885)
Gain on disposal of items of property, plant and equipment	5	**(1)**	(37)
Loss/(gain) on financial assets at fair value through profit or loss, net	5	**3,010**	(6,915)
Gain on disposal of an associate	5	**—**	(1,040)
Indemnity income		**—**	(1,005)
Depreciation of property, plant and equipment		**33,488**	33,017
Depreciation of investment properties		**915**	787
Depreciation of right-of-use assets		**10,831**	9,341
Amortization of prepaid land lease payments		**211**	212
Amortization of other intangible assets		**14,603**	13,711
Impairment of inventories	7	**2,219**	9,516
Impairment of trade receivables, net	7	**1,172**	6,762
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets, net	7	**152**	(1,184)
Equity-settled share award expense		**6,190**	17,341
Exchange losses/(gains)	7	**4,688**	(631)
Increase in inventories		**(57,451)**	(150,922)
Decrease in trade and bills receivables		**400,575**	391,471
Increase in prepayments, other receivables and other assets		**(70,342)**	(27,617)
Recognition of right-of-use assets		**(9,308)**	(13,530)
Recognition of lease liabilities		**9,308**	13,530
Decrease in other non-current assets/liabilities		**2,736**	2,733
Decrease in trade and bills payables		**(138,521)**	(195,956)
Decrease in other payables and accruals		**(179,628)**	(198,839)
Increase in derivative financial liabilities		**1,011**	—
Cash generated from operations		**274,898**	178,291
Interest received	5	**3,688**	4,885
Income tax paid		**(62,625)**	(69,271)
Net cash flows from operating activities		**215,961**	113,905

continued/...

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	2022 US$'000 (Unaudited)	2021 US$'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(34,812)**	(31,414)
Additions to other intangible assets	**(26,146)**	(7,447)
Disposal of investments in associates	**—**	1,201
Purchases of investments in financial assets designated at fair value through other comprehensive income	**—**	(3,247)
Purchases of financial assets at fair value through profit or loss	**(55,152)**	(317,334)
Dividends/interest received from financial assets at fair value through profit or loss	**1,062**	55
Proceeds from disposal of financial assets at fair value through profit or loss	**51,183**	365,798
Proceeds from disposal of property, plant and equipment, prepaid land lease payments and intangible assets other than goodwill	**399**	112
Proceeds from disposal of an investment property	**—**	21,132
Acquisition of a subsidiary	**—**	(1,800)
Increase in pledged deposits	**(30,924)**	(55,809)
Net cash flows used in investing activities	**(94,390)**	(28,753)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	**(11,819)**	(10,420)
Repurchase of shares for share award scheme	**(48,323)**	—
Cancelation of a subsidiary's shares	**—**	(2)
New bank loans	**200,000**	—
Bills endorsed	**7,661**	15,621
Repayment of bank loans	**(169,608)**	(38,575)
Repayment of bills payable	**(7,715)**	(8,009)
Dividends paid	**(38,540)**	—
Interest paid	**(11,959)**	(10,309)
Net cash flows used in financing activities	**(80,303)**	(51,694)

continued/...

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Notes	2022 US$'000 (Unaudited)	2021 US$'000 (Unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**41,268**	33,458
Cash and cash equivalents at the beginning of the period		**555,457**	570,810
Effect of foreign exchange rate changes, net		**(45,834)**	5,165
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**550,891**	609,433
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	**469,721**	576,196
Non-pledged time deposits with original maturity of less than three months when acquired		**81,170**	33,237
		550,891	609,433

Notes to Interim Condensed Consolidated Financial Information

June 30, 2022

1. Basis of preparation

The interim condensed consolidated financial information for the six months ended June 30, 2022 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2021.

2. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41	*Annual Improvements to IFRSs 2018–2020*

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

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after January 1, 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

2. Changes in accounting policies and disclosures (continued)

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after January 1, 2022. Since there was no sale of items produced while making property, plant and equipment available for use on or after January 1, 2022, the amendments did not have any impact on the financial position or performance of the Group.

(c) *Annual Improvements to IFRSs 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after January 1, 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 16 *Leases:* removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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 SharkNinja and Joyoung.

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except the head office and corporate income and expenses which are excluded from such measurement. The head office and corporate income and expenses include exchange gains or losses, interest income, non-lease-related finance costs, and other unallocated corporate income and expenses.

3. Operating segment information (continued)

Six months ended June 30, 2022	Joyoung US$'000	SharkNinja US$'000	Total US$'000
Segment revenue			
Sales to external customers	639,005	1,593,231	2,232,236
Intersegment sales	79,381	765	80,146
	718,386	1,593,996	2,312,382
Reconciliation:			
Elimination of intersegment sales			(80,146)
Revenue (note 4)			2,232,236
Segment results	60,657	187,120	247,777
Reconciliation:			
Interest income			125
Exchange gain			5,310
Unallocated income			460
Finance costs			(14,215)
Corporate and other unallocated expenses			(10,197)
Profit before tax			229,260
Other segment information			
Share of profits and losses of associates	3,090	—	3,090
Impairment of inventories and financial assets recognized in profit or loss	1,194	2,349	3,543
Depreciation and amortization	8,501	51,547	60,048
Interest income	3,467	96	3,563
Finance costs	511	1,832	2,343
Investments in associates	28,816	—	28,816
Capital expenditure*	4,227	65,166	69,393

Notes to Interim Condensed Consolidated Financial Information

June 30, 2022

3. Operating segment information (continued)

Six months ended June 30, 2021	Joyoung US$'000	SharkNinja US$'000	Total US$'000
Segment revenue			
Sales to external customers	642,974	1,596,469	2,239,443
Intersegment sales	81,183	9,075	90,258
	724,157	1,605,544	2,329,701
Reconciliation:			
Elimination of intersegment sales			(90,258)
Revenue (note 4)			2,239,443
Segment results	76,544	217,394	293,938
Reconciliation:			
Interest income			1,995
Exchange gain			2,151
Unallocated income			109
Finance costs			(11,955)
Corporate and other unallocated expenses			(15,894)
Profit before tax			270,344
Other segment information			
Share of profits and losses of associates	1,586	—	1,586
Impairment of inventories and financial assets recognized in profit or loss	256	14,838	15,094
Depreciation and amortization	8,254	48,644	56,898
Interest income	2,789	101	2,890
Finance costs	297	1,421	1,718
Investments in associates	28,480	—	28,480
Capital expenditure*	10,151	43,715	53,866

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and other intangible assets, including assets from the acquisition of a subsidiary.

4. Revenue

An analysis of revenue is as follows:

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
Revenue from contracts with customers		
Sale of goods and provision of extended warranties	**2,232,236**	2,239,443

Disaggregated revenue information

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
Geographical markets		
Mainland China	**622,942**	626,927
North America	**1,253,648**	1,260,987
Europe	**263,688**	279,923
Other countries/regions	**91,958**	71,606
Total revenue from contracts with customers	**2,232,236**	2,239,443

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
Timing of revenue recognition		
Goods transferred at a point in time	**2,231,458**	2,238,754
Services transferred over time	**778**	689
Total revenue from contracts with customers	**2,232,236**	2,239,443

Notes to Interim Condensed Consolidated Financial Information

June 30, 2022

5. Other income and gains

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
Other income		
Bank interest income	**3,688**	4,885
Net rental income from investment property operating leases	**1,162**	20
Government grants	**12,287**	11,148
Others	**415**	280
	17,552	16,333
Gains		
Gain on disposal of items of property, plant and equipment	**1**	37
(Loss)/gain on financial assets at fair value through profit or loss, net	**(3,010)**	6,915
Gain on disposal of an associate	**—**	1,040
Others	**2,252**	3,711
	(757)	11,703
Total other income and gains	**16,795**	28,036

6. Finance costs

An analysis of finance costs is as follows:

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
Interest on bank loans	**11,269**	9,900
Interest on lease liabilities	**1,981**	1,570
Amortization of deferred finance costs	**2,637**	2,055
Other finance costs	**671**	148
	16,558	13,673

7. Profit before tax

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

	Note	For the six months ended June 30, 2022 US$'000	2021 US$'000
Cost of inventories sold		**1,369,782**	1,331,052
Foreign exchange differences, net		**4,688**	(631)
Impairment of inventories		**2,219**	9,516
Impairment of financial assets, net:			
Impairment of trade receivables, net		**1,172**	6,762
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets, net		**152**	(1,184)
		1,324	5,578
Product warranty provision:			
Additional provision		**9,139**	8,509
Gain on disposal of items of property, plant and equipment	5	**(1)**	(37)
Loss/(gain) on financial assets at fair value through profit or loss, net	5	**3,010**	(6,915)
Gain on disposal of an associate	5	**—**	(1,040)
Government grants*	5	**(12,287)**	(11,148)

Note:

* Various government grants have been received for setting up research and promotion activities and alleviating unemployment in Mainland China. Government grants received for which related expenditure has not yet been undertaken are recognized as deferred income and included in other payables in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

Notes to Interim Condensed Consolidated Financial Information

June 30, 2022

8. Income tax expense

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
Current income tax charge/(credit):		
In Mainland China	**6,585**	8,679
In the United States	**44,917**	37,990
In the United Kingdom	**(3,489)**	1,217
In Hong Kong	**8,239**	5,687
Elsewhere	**1,535**	1,738
Deferred income tax:		
In Mainland China	**1,487**	(1,150)
In the United States	**(13,620)**	182
In the United Kingdom	**2,662**	(1,655)
Total tax charge for the period	**48,316**	52,688

The Group is subject to income tax on an entity basis on profits 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% (during the six months ended June 30, 2021: 25%) on their respective taxable income. During the period, five (during the six months ended June 30, 2021: five) 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 six months ended June 30, 2022 (during the six months ended June 30, 2021: 21%) 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.

The United Kingdom income tax is calculated at a rate of 19% for the six months ended June 30, 2022 (during the six months ended June 30, 2021: 19%) on the estimated taxable income.

Hong Kong profits tax has been provided at the rate of 16.5% (during the six months ended June 30, 2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary (during the six months ended June 30, 2021: one) of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (during the six months ended June 30, 2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (during the six months ended June 30, 2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (during the six months ended June 30, 2021: 16.5%).

The Group realized tax benefits during the period 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.

9. Interim dividends

The board does not recommend the payment of any interim dividend for the six months ended June 30, 2022 (during the six months ended June 30, 2021: nil).

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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,398,466,000 in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period 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 period, 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:

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**163,909**	193,422
Effect of dilution — impact arising from the share award scheme of Joyoung Co., Ltd.	**—**	(102)
	163,909	193,320

	Number of shares for the six-month period ended June 30,	
	2022	2021
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,398,466**	3,385,057
Effect of dilution — weighted average number of ordinary shares:		
Share award scheme	**9,915**	17,575
	3,408,381	3,402,632

11. Property, plant and equipment

During the six months ended June 30, 2022, the Group acquired assets with a cost of US$33,940,000 (during the six months ended June 30, 2021: US$31,414,000).

Assets with a net book value of US$397,000 were disposed of by the Group during the six months ended June 30, 2022 (during the six months ended June 30, 2021: US$76,000), resulting in a net gain on disposal of US$1,000 (during the six months ended June 30, 2021: US$37,000).

12. Trade and bills receivables

An aging 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:

	June 30, 2022 US$'000	December 31, 2021 US$'000
Within 6 months	**838,762**	1,226,556
6 months to 1 year	**4,184**	18,607
1 to 2 years	**1,055**	585
	844,001	1,245,748

Included in the Group's trade and bills receivables were amounts due from the Group's associates of US$12,018,000 as at June 30, 2022 (December 31, 2021: US$11,293,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

13. Prepayments, other receivables and other assets

	June 30, 2022 US$'000	December 31, 2021 US$'000
Prepayments	**29,358**	31,733
Deposits and other receivables (a)	**97,419**	28,130
Due from related parties (b)	**6,041**	2,142
Right-of-return assets	**2,043**	1,091
Indemnification assets	**3,541**	3,541
Tax recoverable	**17,621**	19,219
	156,023	85,856
Less: Impairment	**(1,073)**	(892)
	154,950	84,964

Notes:

(a) Included in the balance as at June 30, 2022 were tariff refunds due to the temporary exemption on the Group's certain products of US$69,605,000. On March 23, 2022, the United States Trade Representative determined to reinstate exclusions of certain products from additional duties to be applied as of October 12, 2021 and be extended through December 31, 2022. There was no such balance as at December 31, 2021.

(b) Included in the amounts due from related parties were trade-related amounts due from associates of US$2,643,000 as at June 30, 2022 (December 31, 2021: US$593,000), and non-trade-related amounts due from other related parties of US$3,398,000 as at June 30, 2022 (December 31, 2021: US$1,549,000).

14. Cash and cash equivalents/pledged deposits

	June 30, 2022 US$'000	December 31, 2021 US$'000
Cash and bank balances	**507,107**	514,063
Less: pledged deposits for bills payable and options		
— bills payable (note 15)	**(36,284)**	(9,350)
— forward currency options	**(1,102)**	—
	469,721	504,713
Time deposits	**103,266**	69,952
Less: pledged deposits for bills payable (note 15)	**(22,096)**	(19,208)
	81,170	50,744
Cash and cash equivalents	**550,891**	555,457

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB560,999,000 (December 31, 2021: RMB965,241,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

15. 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:

	June 30, 2022 US$'000	December 31, 2021 US$'000
Within 1 year	**738,107**	877,927
1 to 2 years	**2,396**	1,151
	740,503	879,078

Included in the trade and bills payables are trade payables of US$2,346,000 (December 31, 2021: US$9,981,000) 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$58,380,000 as at June 30, 2022 (December 31, 2021: US$28,558,000), and secured by bills receivable of the Group of US$117,648,000 as at June 30, 2022 (December 31, 2021: US$189,054,000).

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

16. Other payables and accruals

	June 30, 2022 US$'000	December 31, 2021 US$'000
Accruals	**139,322**	211,791
Contract liabilities (a)	**20,580**	28,060
Refund liabilities	**181,915**	266,364
Other payables	**73,103**	87,101
Dividends payable	**179,479**	—
Provisions (b)	**14,116**	17,828
Due to related parties (c)	**8,580**	7,297
	617,095	618,441

Notes:

(a) Contract liabilities include short-term advances received from delivering home appliance products and rendering extended warranty services. Included in the contract liabilities were short-term advances of US$196,000 received from related parties as at June 30, 2022 (December 31, 2021: US$509,000).

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

(c) Included in the amounts due to related parties are trade-related amounts due to associates of US$8,580,000 (December 31, 2021: US$7,297,000).

17. Share-based payments

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

JS RSU Scheme — 2019 tranche

On October 9, 2019, the Company approved JS RSU Scheme. The purpose of JS RSU Scheme is to recognize and reward participants for their contribution to the Group, to attract the best available personnel to provide service to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group's business. Subject to any early termination as may be determined by the board pursuant to the terms of the JS RSU Scheme, the RSU Scheme shall be valid and effective for a period of 10 years commencing on the adoption date of October 9, 2019, after which no further awards will be granted, but the provisions of this RSU Scheme shall in all other respects remain in full force and effect and the awards granted during the term of the JS RSU Scheme may continue to be valid and exercisable in accordance with their respective terms of grant.

The Company has set up two structured entities ("**RSU Holding Entities**"), namely Golden Tide International Limited and Grand Riches Ventures Limited which are solely for the purpose of administering and holding the Company's shares for JS RSU Scheme. Pursuant to a resolution passed by the board of directors of the Company on October 9, 2019, the Company issued 141,618,409 ordinary shares to the RSU Holding Entities at a par value of US$0.00001 each, being the ordinary shares underlying the JS RSU Scheme. In addition, the Company has entered into a trust deed with an independent trustee (the "**RSU Trustee**") on October 14, 2019, pursuant to which the RSU Trustee shall act as the administrator of the Company's JS RSU Scheme. The Company has the power to direct the relevant activities of the RSU Holding Entities and it has the ability to use its power over the RSU Holding Entities to affect its exposure to returns. Therefore, the assets and liabilities of the RSU Holding Entities are included in the Group's consolidated statement of financial position and the ordinary shares held for the JS RSU Scheme were regarded as treasury shares with nil consideration.

The initial number of shares underlying JS RSU Scheme shall not exceed the aggregate of 141,618,409 shares as of the date of adoption of JS RSU Scheme, representing 4.05% of the issued shares of the Company. A total of 129,265,801 RSUs were granted to directors and employees with nil consideration with the vesting schedule as below:

- 30% of the RSUs, namely 38,779,740 RSUs, are subject to any performance-based conditions and vest in four equal annual installments on or before May 31 of 2020 to 2023 (the "**Time RSUs**"). If the grantees are employed or in service with the Group as of January 31 of any year, they will be entitled to the Time RSUs to be vested on or before May 31 of the same year.

- 70% of the RSUs, namely 90,486,061 RSUs, are subject to performance-based conditions and vest (if any, fully or partially) over four years on or before May 31 of 2020 to 2023 (the "**Performance RSUs**"). The performance target is measured by reference to the financial performance of the Group, Joyoung and SharkNinja for each of the four financial years ending December 31 of 2019, 2020, 2021 and 2022 (the "**Plan Year**"). If the grantees are employed or in service with the Group as of January 31 of any year, they will be entitled to the Performance RSUs to be vested on or before May 31 of the same year.

Notes to Interim Condensed Consolidated Financial Information

June 30, 2022

17. Share-based payments (continued)

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

JS RSU Scheme — 2019 tranche (continued)

Grantees are not entitled to any rights of a shareholder (including voting and dividend rights) on the unvested portion of the RSUs.

The fair values of the 2019 tranche of JS RSU Scheme were estimated as at the date of grant using a Monte-Carlo Simulation Model, considering the terms and conditions upon which the RSUs were granted. The following table lists the key inputs to the model used:

Life of the RSU Plan	**0.33–3.33 years**
Annualized staff turnover rate	**0%–10%**
Annualized volatility of revenue change*	**25.0%**
Discount rate ("**WACC**")	**16.0%**

* The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

JS RSU Scheme — 2021 tranche

On January 18, 2021, January 27, 2021 and April 1, 2021, a total of 9,924,347 RSUs were granted to 9 participants of the Company pursuant to JS RSU Scheme, which were partly sourced from the issuance of 5,500,000 new shares.

On September 28, 2021 and November 10, 2021, a total of 1,370,000 RSUs were granted to 23 participants of the Company pursuant to JS RSU Scheme.

The 2021 tranche of JS RSU Scheme was granted with nil consideration and the vesting schedule is similar to that of 2019 tranche. 30% of the RSUs are Time RSUs, which vest annually from 2021 to 2023. 70% of the RSUs are Performance RSUs, which vest annually from 2021 to 2023 based on the performance target.

The fair value of the 2021 tranche of JS RSU Scheme was based on the closing price of Company's share as at the date of grant.

17. Share-based payments (continued)

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

JS RSU Scheme — 2022 tranche

On 18 March, 2022 and 1 April, 2022, a total of 1,042,000 RSUs were granted to 9 participants of the Company pursuant to JS RSU Scheme.

The 2022 tranche of JS RSU Scheme was granted with nil consideration and the vesting schedule is similar to that of 2019 tranche. 30% of the RSUs are Time RSUs, which vest annually from 2022 to 2023. 70% of the RSUs are Performance RSUs, which vest in 2022 and 2023 based on performance target.

The following RSUs were outstanding under the RSU Scheme:

	For the period ended June 30, 2022		For the year ended December 31, 2021	
	Fair value per share US$	Number of RSUs	Fair value per share US$	Number of RSUs
At the beginning of the period/year	**0.83**	**67,742,145**	0.63	93,906,433
Granted on January 18, 2021	**—**	**—**	2.45	9,224,347
Granted on January 27, 2021	**—**	**—**	2.40	350,000
Granted on April 1, 2021	**—**	**—**	3.24	350,000
Granted on September 28, 2021	**—**	**—**	2.27	1,025,000
Granted on November 10, 2021	**—**	**—**	1.86	345,000
Granted on March 18, 2022	**0.95**	**958,000**	—	—
Granted on April 1, 2022	**1.17**	**84,000**	—	—
Exercised during the period/year	**0.81**	**(32,815,329)**	0.80	(34,340,831)
Forfeited during the period/year	**0.73**	**(407,236)**	1.54	(3,117,804)
At the end of the period/year	**0.81**	**35,561,580**	0.83	67,742,145

During the six months ended June 30, 2022, the Group recognized share award expenses of US$6,190,000 (during the six months ended June 30, 2021: US$16,817,000).

17. Share-based payments (continued)

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

JS RSU Scheme — 2022 tranche (continued)

On December 14, 2020, the Board had approved to amend the maximum number of the shares underlying the RSU Scheme and held by the trustee on trust as issued or to be issued by the Company (excluding the Shares underlying the RSUs that have lapsed or been canceled or forfeited in accordance with the terms and conditions of the RSU Scheme) from 141,618,409 shares to 147,118,409 shares.

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

On December 30, 2021, the Board had approved to amend the maximum number of the shares underlying the RSU Scheme and held by the trustee on trust as issued or to be issued by the Company (excluding the shares underlying the RSUs that have lapsed or been canceled or forfeited in accordance with the terms and conditions of the RSU Scheme) from 147,118,409 shares to 199,537,593 shares.

On March 29, 2022, the Board had approved to amend the maximum number of the shares underlying the RSU Scheme and held by the trustee on trust as issued or to be issued by the Company (excluding the shares underlying the RSUs that have lapsed or been canceled or forfeited in accordance with the terms and conditions of the RSU Scheme) from 199,537,593 shares to 300,000,000 shares.

As of June 30, 2022, the Company had repurchased an aggregate of 25,437,000 shares for the JS RSU Scheme.

At the date of approval of the financial statements, the Company had 35,561,580 RSUs outstanding under the JS RSU Scheme, which represented approximately 1.02% of the Company's shares in issue as at that date.

17. Share-based payments (continued)

Share Option Incentive Scheme of Joyoung Co., Ltd. ("JY Scheme 2021")

On May 28, 2021, the Company approved and adopted the Share Option Incentive Scheme Joyoung Co., Ltd. ("**JY Scheme 2021**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of Joyoung's operations. Eligible participants of the JY Scheme 2021 include directors, senior management and key employees.

Pursuant to the JY Scheme 2021, a total of 18,000,000 share options shall be granted to the eligible participants. On April 29, 2021, a total of 15,600,000 share options were granted to participants with nil consideration. The exercise conditions include company performance and individual performance. The vesting schedules are as follows:

Exercise arrangement	Performance conditions to be fulfilled with	Exercise proportion
First exercise	Compared with year 2020, the revenue growth rate in 2021 is no less than 15% and the profit growth rate in 2021 is no less than 5%	40%
Second exercise	Compared with year 2020, the revenue growth rate in 2022 is no less than 33% and the profit growth rate in 2022 is no less than 16%	30%
Third exercise	Compared with year 2020, the revenue growth rate in 2023 is no less than 56% and the profit growth rate in 2023 is no less than 33%	30%

The registration of share options granted above was completed on June 1, 2021.

The JY Scheme 2021 shall be effective from the date on which the share options have been granted, and end on the date on which all the share options granted to the participants have been exercised or canceled, which shall not exceed 48 months. The vesting period shall be 12 months, 24 months, 36 months from the date on which the share options have been granted and registered.

17. Share-based payments (continued)

Share Option Incentive Scheme of Joyoung Co., Ltd. ("JY Scheme 2021") (continued)

The following share options were outstanding under the JY Scheme 2021 during the period:

	For the period ended June 30, 2022		For the year ended December 31, 2021	
	Weighted average exercise price RMB per share	Number of options	Weighted average exercise price RMB per share	Number of options
At the beginning of the period/year	**21.99**	**15,600,000**	—	—
Granted during the period/year	**—**	**—**	21.99	15,600,000
Forfeited during the period/year	**21.99**	**(6,954,000)**	—	—
At the end of the period/year	**21.99**	**8,646,000**	21.99	15,600,000

No share options were exercised during the reporting period.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using a Black-Scholes share option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Exercise price determined at the grant date	RMB21.99
Expected option life (years)	1–3 years
Estimated volatility of the share price	21.28%–23.83%
Annual risk-free interest rate during the option life	1.50%–2.75%
Fair value per share of the options	RMB11.83–13.78

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The fair value of the share options granted on the grant date was RMB197,632,000 (equivalent to US$30,555,000). During the six months ended June 30, 2022, Joyoung Co., Ltd. did not recognize any share option expenses due to the unfulfilled performance target (During the six months ended June 30, 2021: nil).

17. Share-based payments (continued)

Share Option Incentive Scheme of Joyoung Co., Ltd. ("JY Scheme 2021") (continued)

At the date of approval of the financial statements, Joyoung Co., Ltd. had 8,646,000 share options outstanding under the JY Scheme 2021, which represented approximately 1.1% of Joyoung Co., Ltd.'s shares in issue (December 31, 2021: 2.0%).

18. Interest-bearing bank borrowings

	June 30, 2022			December 31, 2021		
	Interest rate (%)	Maturity	US$'000	Interest rate (%)	Maturity	US$'000
Current						
Bank loans — secured (a)	**1.56+LIBOR**	**2023**	**47,688**	1.56+LIBOR	2022	35,870
Bank loans — secured (a)	**1.80+LIBOR**	**2023**	**156,940**	1.80+LIBOR	2022	49,402
			204,628			85,272
Non-current						
Bank loans — secured (a)	**1.56+LIBOR**	**2023–2025**	**371,702**	1.56+LIBOR	2023–2025	420,921
Bank loans — secured (a)	**1.80+LIBOR**	**2023–2025**	**398,845**	1.80+LIBOR	2023–2025	435,953
			770,547			856,874
			975,175			942,146

18. Interest-bearing bank borrowings (continued)

	June 30, 2022 US$'000	December 31, 2021 US$'000
Analyzed into:		
Bank loans repayable:		
Within one year or on demand	**204,628**	85,272
In the second year	**173,138**	135,092
In the third to fifth years, inclusive	**597,409**	721,782
	975,175	942,146

Notes:

(a) The bank loans are secured by:

(i) The pledge of 411,558,069 shares of Joyoung Co., Ltd. as at June 30, 2022 (December 31, 2021: 307,618,897);

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

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

(iv) Certain of the Group's assets amounting to US$ 2,557,208,000 as at June 30, 2022 (December 31, 2021: US$2,564,917,000); and

18. Interest-bearing bank borrowings (continued)

Notes: (continued)

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

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

	Percentage of equity interests
Global Appliance LLC	100%
EP Midco LLC	100%
SharkNinja Operating LLC	100%
Euro-Pro International Holding Company	100%
SharkNinja Sales Company	100%
SharkNinja Management LLC	100%
Global Appliance UK Holdco Limited	100%
SharkNinja Global SPV, Ltd.	100%
SharkNinja Global SPV 2 Limited	100%
Bilting Developments Limited	100%
JS (BVI) Holding Limited	100%
JS Global Trading HK Limited	100%
Euro-Pro Hong Kong Limited	100%
SharkNinja (Hong Kong) Company Limited	100%
Shenzhen SharkNinja Technology Co., Ltd.	100%
Suzhou SharkNinja Technology Co., Ltd.	100%

The Group's unutilized available bank borrowing facilities amounted to US$105,000,000 as at June 30, 2022 (December 31, 2021: US$200,000,000).

19. Commitments

The Group had the following capital commitments at the end of the reporting period:

	June 30, 2022 US$'000	December 31, 2021 US$'000
Contracted, but not provided for:		
Property, plant and equipment	**15,918**	13,285
Intangible assets	**5,060**	2,127
	20,978	15,412

20. Related party transactions

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

	Notes	For the six months ended June 30, 2022 US$'000	2021 US$'000
Sales of goods to associates:	i		
Shenzhen Northwest Sunshine Appliance Co., Limited (深圳市西貝陽光電器有限公司)		**6,909**	5,299
Shenyang Boerman Trading Co., Limited (瀋陽伯爾曼商貿有限公司)		**6,131**	7,528
Beijing Zhongdingzhilian Trading Co., Limited (北京中鼎智聯商貿有限公司)		**4,062**	4,060
Henan Xulian Trading Co., Limited (河南旭聯商貿有限公司)		**1,948**	3,273
Guangxi Xindongfei Trading Co., Limited (廣西鑫東飛商貿有限公司)		**1,565**	2,910
Shanghai Fanqi Health Technology Development Co., Limited (上海泛齊健康科技發展有限公司)		**28**	2,749
Jinan Zhengming Trading Co., Limited (濟南正銘商貿有限公司)	ii	**—**	4,442
Others	iii	**2,352**	3,169
		22,995	33,430
Purchases of goods from associates:	i		
Hangzhou Xinduoda Electronic Technology Co., Limited (杭州信多達電子科技有限公司)		**19,695**	29,223
Shandong Shengning Appliance Co., Limited (山東勝寧電器有限公司)		**10,565**	6,116
Shandong Yiteng Small Appliance Co., Limited (山東一騰小家電有限公司)		**1,969**	4,631
Hangzhou Hongfeng Electronic Fittings Co., Limited (杭州弘豐電子配件有限公司)	ii	**—**	29,917
Others	iii	**47**	104
		32,276	69,991

20. Related party transactions (continued)

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

		For the six months ended June 30,	
		2022	2021
	Notes	US$'000	US$'000
Rental income from associates	iv	**310**	166
Service income from associates	v	**746**	749
Compensation income	vi	**—**	1,005

Notes:

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

(ii) The Group has disposed of the interest in Jinan Zhengming Trading Co., Limited and Hangzhou Hongfeng Electronic Fittings Co., Limited in 2021. Transaction with those two entities were no longer related parties transactions of the Group since then.

(iii) The amounts represented the aggregate transaction amounts with certain of the Group's associates that are widely dispersed and not individually significant.

(iv) The rental income from the associates was made according to the contracts agreed by both parties.

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

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

(b) Outstanding balances with related parties:

Details of the Group's trade balances with its associates as at the end of the reporting period are disclosed in notes 12,15 and 16 to the interim condensed consolidated financial information. Details of the Group's advances to related parties as at the end of the reporting period are disclosed in note 13 to the interim condensed consolidated financial information. The balances are unsecured, interest-free and have no fixed terms of settlement. Details of the Group's other payables to related parties as at the end of the reporting period are disclosed in note 16 to the interim condensed consolidated financial information.

20. Related party transactions (continued)

(c) Compensation of key management personnel of the Group:

	For the six months ended June 30,	
	2022	2021
	US$'000	US$'000
Salaries, allowances and benefits in kind	**996**	967
Performance-related bonuses	**4,144**	4,396
Pension scheme contributions	**27**	25
Share award expense	**1,948**	10,386
Total	**7,115**	15,774

21. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	June 30, 2022	December 31, 2021	**June 30, 2022**	December 31, 2021
	US$'000	US$'000	**US$'000**	US$'000
Financial assets:				
Equity investments designated at fair value through other comprehensive income	**44,346**	44,728	**44,346**	44,728
Financial assets at fair value through profit or loss	**155,968**	163,265	**155,968**	163,265

	Carrying amounts		Fair values	
	June 30, 2022	December 31, 2021	**June 30, 2022**	December 31, 2021
	US$'000	US$'000	**US$'000**	US$'000
Financial liabilities:				
Derivative financial instruments	**1,077**	66	**1,077**	66

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

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance manager analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, other than those measured at fair value, financial assets included in prepayments, other receivables and other assets, trade receivables, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. Bills receivable and certain pledged deposits measured at fair value are categorized as level 2, while financial assets at fair value through profit or loss and financial assets designated at fair value through other comprehensive income are categorized as level 3.

For financial assets measured at fair value, the following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

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

The fair value of listed equity investments are based on quoted market prices. The Group invests in financial products issued by banks in Mainland China and investment funds in accordance with the entrusted agreements entered into between the parties involved. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Notes to Interim Condensed Consolidated Financial Information

June 30, 2022

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis at the end of each reporting period:

	As at June 30, 2022 US$'000	As at December 31, 2021 US$'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted financial assets at fair value through profit or loss	**155,965**	163,264	Level 3	Discounted cash flows. Future cash flows are estimated based on the expected applicable yield of the underlying investment portfolio, discounted at a rate that reflects the credit risk of various counterparties.	Expected yield of the underlying investment portfolio and the discount rate	Discount rate-1% to discount rate+1% (December 31, 2021: Discount rate-1% to discount rate+1%)	1% (December 31, 2021: 1%) increase/ decrease in multiple would result in decrease/ increase in fair value by US$-277,000/ US$281,000 (December 31, 2021: US$-274,000 /US$278,000).
Unlisted financial assets designated at fair value through other comprehensive income	**44,346**	44,728	Level 3	Discounted cash flows. Future cash flows are estimated based on the expected applicable yield of the underlying investment portfolio, discounted at a rate that reflects the credit risk of various counterparties.	Expected yield of the underlying investment portfolio and the discount rate	Discount rate-1% to discount rate+1% (December 31, 2021: Discount rate-1% to discount rate+1%)	1% (December 31, 2021: 1%) increase/ decrease in multiple would result in decrease/ increase in fair value by US$-3,627,000/ US$4,229,000 (December 31, 2021: US$-3,666,000/ US$4,276,000).

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

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at June 30, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Financial assets:				
Financial assets designated at fair value through other comprehensive income	**—**	**—**	**44,346**	**44,346**
Financial assets at fair value through profit or loss	**3**	**—**	**155,965**	**155,968**
Bills receivable	**—**	**200,952**	**—**	**200,952**

As at December 31, 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Financial assets:				
Financial assets designated at fair value through other comprehensive income	—	—	44,728	44,728
Financial assets at fair value through profit or loss	1	—	163,264	163,265
Bills receivable	—	347,605	—	347,605

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

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at June 30, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Derivative financial instruments	**1,077**	**—**	**—**	**1,077**

As at December 31, 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Derivative financial instruments	66	—	—	66

22. Events after the reporting period

The Group did not have any significant events subsequent to June 30, 2022.

Definitions

"Audit Committee"	the audit committee under the Board
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China
"Company" or "JS Global Lifestyle"	JS Global Lifestyle Company Limited, an exempted company incorporated in the Cayman Islands with limited liability on July 26, 2018 (formerly known as JY-Shark Company Limited from July 26, 2018 to March 24, 2019 and JS Lifestyle Global Company Limited from March 25, 2019 to March 26, 2019), and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance
"connected subsidiary"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders Group"	a group of individuals collectively and indirectly holding 45.89% of equity interest in the Company as at the Latest Practicable Date, namely Mr. Wang Xuning, Mr. Zhu Hongtao, Mr. Zhu Zechun, Ms. Yang Ningning, Ms. Huang Shuling, Ms. Han Run, and Mr. Jiang Guangyong
"Director(s)"	director(s) of the Company
"Global Offering"	the offer of the Shares for subscription as described in the section headed "Structure of the Global Offering" in the Prospectus
"Group" or "we"	the Company (any one or more of, as the context may require) and its subsidiaries and operating entities
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	the lawful currency of Hong Kong

Definitions

"IFRS"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
"Joyoung"	Joyoung Co., Ltd. (九陽股份有限公司), a company incorporated in the PRC, whose A shares are listed on the Shenzhen Stock Exchange (stock code 002242), and a subsidiary of the Company
"Latest Practicable Date"	September 21, 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this interim report prior to its publication
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Prospectus"	the prospectus of the Company dated December 9, 2019 in connection with the Global Offering
"Reporting Period"	the six months ended June 30, 2022
"RMB"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of US$0.00001 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S."or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	the lawful currency of the United States
"%"	per cent