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JS Global Lifestyle Company Limited

JS 环球生活有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1691)

FURTHER REVISION OF ANNUAL CAP FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

As set out in the Prior Announcement, on November 2, 2020, due to increasing demand for household appliances for home hygiene and household life, which has driven the Company's sales in its new products and growth in new markets, the annual cap of the Commissioned Manufacturing Framework Agreement for the year ending December 31, 2020 had been revised and increased from the existing annual cap of RMB500 million to the Revised Annual Cap of RMB700 million.

In view of the further increasing demand for household appliances for home hygiene and household life, which has driven the Company's sales in its new products and growth in new market, the Company estimates the Revised Annual Cap of the Commissioned Manufacturing Framework Agreement in respect of the year ending December 31, 2020 will not be sufficient, and therefore it is necessary for the Company to conduct the Further Revision of Annual Cap. Accordingly, the Board proposes to further revise and increase the annual cap for the year ending December 31, 2020 under the Commissioned Manufacturing Framework Agreement from the Revised Annual Cap of RMB700 million to the Further Revised Annual Cap of RMB780 million. Notwithstanding the Further Revision of Annual Cap, the annual cap for the year ending December 31, 2021 under the Commissioned Manufacturing Framework Agreement remains unchanged, being RMB550 million.

Joyoung is owned as to 50.12% by Shanghai Lihong. Shanghai Lihong is an indirect non-wholly owned subsidiary of the Company, which is owned as to approximately 83.75% by the Company and approximately 13.60% by a group of individuals, being the Controlling Shareholders Group. The Controlling Shareholders Group holds 45.96% of indirect equity interest in the Company collectively. Accordingly, Shanghai Lihong and its subsidiaries (including Joyoung) are connected subsidiaries of the Company under Rule 14A.16 of the Listing Rules and the transactions contemplated under the Commissioned Manufacturing Framework Agreement constitute connected transactions of the Company.

As the highest applicable percentage ratio as set out in Rule 14.07 of the Listing Rules in respect of the Further Revised Annual Cap exceed 0.1%, but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Commissioned Manufacturing Framework Agreement (including the Further Revised Annual Cap) are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the continuing connected transactions between SharkNinja (Hong Kong) and Joyoung in relation to the Commissioned Manufacturing Framework Agreement dated October 10, 2019, details of which were disclosed in the prospectus of the Company dated December 9, 2019 under the section headed "Connected Transactions" and the Prior Announcement.

FURTHER REVISION OF ANNUAL CAP

On October 10, 2019, the Company entered into the Commissioned Manufacturing Framework Agreement, pursuant to which SharkNinja (Hong Kong) agreed to commission Joyoung and/or its subsidiaries to manufacture, or commission Joyoung and/or its subsidiaries to engage their OEM suppliers to manufacture, small household products and SharkNinja (Hong Kong) in return will pay purchase fees to Joyoung and/or its subsidiaries for the products manufactured. The initial term of the Commissioned Manufacturing Framework Agreement commenced on December 18, 2019 (being the date of listing of the Company) and will end on December 31, 2021, subject to renewal upon the mutual consent of both parties.

As set out in the Prior Announcement, on November 2, 2020, due to increasing demand for household appliances for home hygiene and household life, which has driven the Company's sales in its new products and growth in new markets, the annual cap of the Commissioned Manufacturing Framework Agreement for the year ending December 31, 2020 had been revised and increased from the existing annual cap of RMB500 million to the Revised Annual Cap of RMB700 million.

In view of the further increasing demand for household appliances for home hygiene and household life, which has driven the Company's sales in its new products and growth in new market, the Company estimates the Revised Annual Cap of the Commissioned Manufacturing Framework Agreement in respect of the year ending December 31, 2020 will not be sufficient, and therefore it is necessary for the Company to conduct the Further Revision of Annual Cap. Accordingly, the Board proposes to further revise and increase the annual cap for the year ending December 31, 2020 under the Commissioned Manufacturing Framework Agreement from the Revised Annual Cap of RMB700 million to the Further Revised Annual Cap of RMB780 million. Notwithstanding the Further Revision of Annual Cap, the annual cap for the year ending December 31, 2021 under the Commissioned Manufacturing Framework Agreement remains unchanged, being RMB550 million.

The Further Revised Annual Cap is principally determined based on:

- (i) the historic transaction amounts and the growth trend under the existing arrangement between SharkNinja (Hong Kong) and Joyoung. In particular, the purchase price paid by SharkNinja (Hong Kong) to Joyoung and/or its subsidiaries;
- (ii) the expected significant growth of recognition and consumer base expansion of the Shark brand and Ninja brand of the Company for the year ending December 31, 2020, and accordingly the expected increasing demand for small household products manufactured by Joyoung and/or its subsidiaries; and
- (iii) the expected increase in purchase fees to be charged by Joyoung and/or its subsidiaries, and/or their OEM suppliers, due to the estimated increase in the cost of labor for the provision of products and services by Joyoung and/or its subsidiaries.

The historical transaction amount for the eleven months ended November 30, 2020 under the Commissioned Manufacturing Framework Agreement is approximately RMB611.9 million. The aforesaid historical transaction amount was determined in accordance with the International Financial Reporting Standards.

As at the date of this announcement, the Revised Annual Cap of RMB700 million under the Commissioned Manufacturing Framework Agreement has not been exceeded.

DIRECTORS' CONFIRMATION

Joyoung is owned as to 50.12% by Shanghai Lihong, a company in which the Controlling Shareholders Group (including Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling, each of whom is an executive Director) owns 13.60%. Therefore, each of Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling has abstained from voting at the Board meeting approving the Further Revision of Annual Cap due to their material interests therein. Save as disclosed above, none of the Directors have any material interest in the Further Revision of Annual Cap and none were required to abstain from voting on the relevant Board resolutions.

The Directors, including the independent non-executive Directors, consider that the Further Revision of Annual Cap has been conducted in the ordinary and usual course of business of the Group, is on normal commercial terms and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

INTERNAL CONTROL MEASURES

The Company has adopted the following internal control measures to ensure that the transactions contemplated under the Commissioned Manufacturing Framework Agreement are on normal commercial terms and in the interests of the Company and its shareholders as a whole:

- (i) the Company has adopted and implemented a management system on connected transactions. Under such system, the Audit Committee is responsible for conducting reviews on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the connected transactions. In addition, the Audit Committee, the Board and various other internal departments of the Company (including but not limited to the finance department and compliance and legal department) are jointly responsible for evaluating the terms under the framework agreements for connected transactions, in particular, with respect to the fairness of the pricing policies and annual caps under each agreement;
- (ii) the Audit Committee, the Board and various other internal departments of the Company also regularly monitor the fulfillment status and the transaction updates under the framework agreements. In addition, the management of the Company also regularly reviews the pricing policies of the framework agreements;
- (iii) the Company's independent non-executive Directors and auditors will conduct annual reviews of the continuing connected transactions under the framework agreements and provide annual confirmations to ensure that, pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the relevant pricing policies;
- (iv) when considering service fees for the services to be provided to the Group by the connected persons or the service fees for the services to be provided by the Group to the connected persons, the Group will constantly research prevailing market conditions and practices and make reference to the pricing and terms between the Group and independent third parties for similar transactions, to ensure that the pricing and terms offered by the connected persons from mutual commercial negotiations (as the case may be) are fair, reasonable and are no less favorable than those to be offered by independent third parties; and
- (v) when considering any renewal or revisions to the framework agreements, the interested Directors and shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be), and the independent non-executive Directors and independent shareholders have the right to consider if the terms of the non-exempt continuing connected transactions (including the proposed annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. If the independent non-executive Directors' or independent shareholders' approvals cannot be obtained, the Company will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under the Listing Rules.

INFORMATION ON THE PARTIES

Information on the Company

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

Information on Joyoung

Joyoung is an indirect non-wholly owned subsidiary of the Company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange (Stock Code: 002242). It is principally engaged in the manufacture and sale of home appliance products, housing leasing, advertising and consultancy.

Joyoung is owned as to 50.12% by Shanghai Lihong. Shanghai Lihong is an indirect non-wholly owned subsidiary of the Company, which is owned as to approximately 83.75% by the Company and approximately 13.60% by a group of individuals, being the Controlling Shareholders Group. The Controlling Shareholders Group holds 45.96% of equity interest in the Company collectively and indirectly.

Information on SharkNinja (Hong Kong)

SharkNinja (Hong Kong) is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability. It is principally engaged in home appliances research and development, import and export business and equity investment.

For the nine months ended September 30, 2020, SharkNinja (Hong Kong) had recorded unaudited revenue and profit of approximately US\$877.1 million and US\$22.6 million, respectively. As of September 30, 2020, SharkNinja (Hong Kong) had unaudited total assets and net assets of approximately US\$305.3 million and US\$27.9 million, respectively.

LISTING RULE IMPLICATIONS

Joyoung is owned as to 50.12% by Shanghai Lihong. Shanghai Lihong is an indirect non-wholly owned subsidiary of the Company, which is owned as to approximately 83.75% by the Company and approximately 13.60% by a group of individuals, being the Controlling Shareholders Group. The Controlling Shareholders Group holds 45.96% of indirect equity interest in the Company collectively. Accordingly, Shanghai Lihong and its subsidiaries (including Joyoung) are connected subsidiaries of the Company under Rule 14A.16 of the Listing Rules and the transactions contemplated under the Commissioned Manufacturing Framework Agreement constitute connected transactions of the Company.

As the highest applicable percentage ratio as set out in Rule 14.07 of the Listing Rules in respect of the Further Revised Annual Cap exceed 0.1%, but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Commissioned Manufacturing Framework Agreement (including the Further Revised Annual Cap) are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

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| “Audit Committee” | the audit committee of the Board |
| “Board” | the board of Directors |
| “Commissioned Manufacturing Framework Agreement” | the agreement entered into between SharkNinja (Hong Kong) and Joyoung on October 10, 2019, pursuant to which SharkNinja (Hong Kong) will commission Joyoung and/or its subsidiaries to manufacture, or commission Joyoung and/or its subsidiaries to engage their OEM suppliers to manufacture, small household products and SharkNinja (Hong Kong) in return will pay purchase fees to Joyoung and/or its subsidiaries for the products manufactured |
| “Company” | JS Global Lifestyle Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Controlling Shareholders Group” | a group of individuals collectively and indirectly holding 45.96% of equity interest in the Company, namely Mr. Wang Xuning, Mr. Zhu Hongtao, Mr. Zhu Zechun, Ms. Yang Ningning, Ms. Han Run, Ms. Huang Shuling, and Mr. Jiang Guangyong |
| “Director(s)” | the director(s) of the Company |
| “Further Revised Annual Cap” | the further revised annual cap of RMB780 million for the year ending December 31, 2020 in respect of the Revised Annual Cap as set out in the Prior Announcement pursuant to the Commissioned Manufacturing Framework Agreement dated October 10, 2019 between SharkNinja (Hong Kong) and Joyoung |

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| “Further Revision of Annual Cap” | the further revision of the annual cap for the year ending December 31, 2020 in respect of the Revised Annual Cap as set out in the Prior Announcement pursuant to the Commissioned Manufacturing Framework Agreement dated October 10, 2019 between SharkNinja (Hong Kong) and Joyoung as set out in this announcement |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Joyoung” | Joyoung Co., Ltd. (九陽股份有限公司), an indirect non-wholly owned subsidiary of the Company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange (Stock Code: 002242) |
| “Listing Date” | listing date of the Company at The Stock Exchange of Hong Kong Limited on December 18, 2019 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “OEM” | original equipment manufacturer |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Prior Announcement” | the announcement of the Company dated November 2, 2020, in relation to, the revision of annual cap for the year ending December 31, 2020 under the Commissioned Manufacturing Framework Agreement from RMB500 million to RMB700 million |
| “Revised Annual Cap” | the revised annual cap of RMB700 million for the year ending December 31, 2020 in respect of the existing annual cap pursuant to the Commissioned Manufacturing Framework Agreement dated October 10, 2019 between SharkNinja (Hong Kong) and Joyoung as set out in the Prior Announcement |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shanghai Lihong” | Shanghai Lihong Enterprise Management Company Limited (上海力鴻企業管理有限公司), an indirect non-wholly owned subsidiary of the Company incorporated in the PRC with limited liability |

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| “SharkNinja (Hong Kong)” | SharkNinja (Hong Kong) Company Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability |
| “US\$” | US dollars, the lawful currency of United States |
| “%” | per cent. |

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

Hong Kong, December 23, 2020

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