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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)

COMPLETION OF PLACING OF EXISTING SHARES AND COMPLETION OF TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Managers



Reference is made to the announcement of the Company dated September 24, 2020 in respect of the placing of existing shares and top-up subscription of new shares under general mandate (the “**Announcement**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that the completion of the Placing and the Subscription took place on September 28, 2020 and October 6, 2020, respectively, in accordance with the terms and conditions of the Placing and Subscription Agreement.

On September 28, 2020, an aggregate of 109,226,000 Sale Shares have been successfully placed by the Placing Managers to not less than six Placees at the Placing Price of HK\$14.12 per Share in accordance with the Placing and Subscription Agreement. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners are not connected persons of the Company.

As all conditions of the Subscription set out in the Placing and Subscription Agreement had been fulfilled, the Company allotted and issued 76,458,000 Subscription Shares to the Seller at HK\$14.12 per Subscription Share on October 6, 2020 pursuant to the General Mandate. The net proceeds from the Subscription amount to approximately HK\$1,070.4 million.

USE OF PROCEEDS FROM THE SUBSCRIPTION

As of August 31, 2020, the Group had unutilized proceeds from the initial public offering (“**IPO**”) of the Company of US\$42 million (approximately HK\$327.6 million) for research and development (“**R&D**”) expenses, particularly for developing new products in the existing product portfolios which mainly include vacuum cleaners and soymilk makers. In addition, the Group had unutilized IPO proceeds of US\$53 million (approximately HK\$413.4 million) for future market expansion expenses, particularly for improving the market share in the United Kingdom and other regions of the Group's existing businesses.

In anticipation of the continued increasing demand for household appliances globally attributable to the new circumstances created by the outbreak of novel coronavirus and the new macroeconomic environment in future, the Company is of the view that the foregoing unutilized IPO proceeds will not be sufficient for the Group's strategy for diversification in product portfolios and markets. The Group intends to commit more capital in R&D and market expansion, and to use the net proceeds from the Subscription for the following purposes:

- (i) as to approximately 36%, representing approximately HK\$390 million, for the repayment of an existing revolving credit facility as a part of the facilities in the aggregate amount of US\$1,200,000,000 due 2025 (as disclosed in the announcement of the Company dated March 17, 2020);
- (ii) as to approximately 32%, representing approximately HK\$340 million, for committing more R&D expenses for technology upgrade in existing product lines and ongoing new products development, such as indoor grill and kitchenware series (which are new product portfolios in the Group), in anticipation of the continued increasing demand on household products (e.g. Shark VACMOP) and cooking appliances as a result of the new circumstances created by the novel coronavirus in 2020, in order to address the increasing health awareness of the general public in household hygiene and healthy cooking; and

(iii) as to approximately 32%, representing approximately HK\$340 million, for committing more expenses such as increasing brand awareness and expanding online market channels, as well as obtaining retailer shelf space in the new markets in Europe and Asia. In particular, the Group will incur more expenses for the penetration of the e-commerce business and e-commerce infrastructure in the European market with regards to its expansion plans into Germany and France in 2020, as a key driver in online sales for the Group to scale up business in the existing and new markets. In addition, the Group will incur more expenses in crossover products and cooperation with stylish figures and icons to improve the popularity of the Group's products among young customers in the Asian market, such as China, Japan and Korea.

In view of the recent trading prices of the Company and the Subscription Price, the Company is of the view that the Subscription provides a good opportunity to raise additional funds to strengthen the financial position and to broaden the shareholder base and capital base of the Group to facilitate its future development, which can also increase the liquidity of the Shares. The use of proceeds partially for the repayment of revolving credit facilities can also improve the financial position of the Company and lower its gearing ratio and finance expenses. Further, the raising of proceeds for its other general working capital purposes, including R&D expenses and expenses for market expansion (which are required in addition to the proceeds raised by the Company in its IPO in December 2019 for the Group's expanding businesses), can provide low-cost funding to the Group for such purposes for the next few years.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (a) as at the date of the Placing and Subscription Agreement; (b) immediately after the completion of the Placing but before the completion of the Subscription; and (c) immediately after the completion of the Placing and the Subscription:

	Existing shareholding structure of the Company as of the date of the Placing and Subscription Agreement		Immediately after the completion of the Placing but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Shareholders						
Seller (<i>Note 1</i>)	296,004,139	8.67	186,778,139	5.47	263,236,139	7.54
Comfort Home Limited ("Comfort Home") (<i>Note 1</i>)	65,556,166	1.92	65,556,166	1.92	65,556,166	1.88
The Placees	—	—	109,226,000	3.20	109,226,000	3.13
Other Shareholders	<u>3,051,093,972</u>	<u>89.41</u>	<u>3,051,093,972</u>	<u>89.41</u>	<u>3,051,093,972</u>	<u>87.45</u>
Total:	<u>3,412,654,277</u>	<u>100.00</u>	<u>3,412,654,277</u>	<u>100.00</u>	<u>3,489,112,277</u>	<u>100.00</u>

Note:

1. As of the date of this announcement, the Seller and Comfort Home directly holds 263,236,139 and 65,556,166 Shares, respectively. Each of the Seller and Comfort Home is a wholly-owned subsidiary of CDH Fund V, L.P. whose general partner is 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 are deemed to be interested in 328,792,305 Shares in aggregate held by the Seller and Comfort Home.

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

Hong Kong, October 6, 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.