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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)

**CONNECTED TRANSACTION AND
CONTINUING CONNECTED TRANSACTION
TRANSFER OF PATENTS AND GRANT OF BRAND LICENSING**

TRANSFER OF PATENTS AND GRANT OF BRAND LICENSING

The Board is pleased to announce that on January 31, 2024, Joyoung and Joyoung Household Appliances entered into the Patent Transfer Agreement with Jiuyang Bean Industry, and have agreed to transfer a total of four patents to Jiuyang Bean Industry at an aggregate consideration of RMB158,800. On the same day, Joyoung entered into the Brand Licensing Agreement with Jiuyang Bean Industry, and has agreed to grant Jiuyang Bean Industry a perpetual and non-exclusive right to use the brand name with a license fee of RMB36 million. It is expected that upon completion of the Patent Transfer and Brand Licensing, the Group will record a gain before tax on the Patent Transfer and Brand Licensing of approximately RMB158,800 and RMB36 million, respectively.

LISTING RULES IMPLICATIONS

Jiuyang Bean Industry is considered a connected person of the Company by virtue of it being an associate of Mr. Wang Xuning, an executive Director of the Company, as Mr. Wang Xuning indirectly held approximately 68% of the equity interest in Jiuyang Bean Industry as at the date of this announcement. Accordingly, the transactions contemplated under the Patent Transfer Agreement and the Brand Licensing Agreement constitute a connected transaction and a continuing connected transaction of the Company, respectively.

As all of the applicable percentage ratios in respect of the Patent Transfer Agreement and the transactions contemplated thereunder are less than 0.1%, the Patent Transfer Agreement and the transactions contemplated thereunder are exempt from reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Brand Licensing Agreement and the transactions contemplated thereunder are more than 0.1% but less than 5%, the Brand Licensing Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement made by the Company dated November 24, 2023 in relation to the Equity Transfer Agreement entered into between Joyoung and Solar Blue (HK) Limited. As the Equity Transfer Agreement, the Patent Transfer Agreement and the Brand Licensing Agreement are entered into with different counterparties and/or with different nature, the said agreements and the transactions contemplated under each of the agreements are therefore not aggregated for the computation of the applicable percentage ratios.

INTRODUCTION

References are made to the announcements of the Company dated October 30, 2023 and November 24, 2023 in relation to, among other things, (i) the Patent Transfer and (ii) the Brand Licensing.

PATENT TRANSFER

The Board is pleased to announce that on January 31, 2024, Joyoung and Joyoung Household Appliances entered into the Patent Transfer Agreement with Jiuyang Bean Industry, pursuant to which Joyoung and Joyoung Household Appliances have agreed to transfer a total of four patents to Jiuyang Bean Industry at an aggregate consideration of RMB158,800.

The principal terms of the Patent Transfer Agreement are summarized below:

Date

January 31, 2024

Parties

- (i) Joyoung (as transferor 1);
- (ii) Joyoung Household Appliances (as transferor 2); and
- (iii) Jiuyang Bean Industry (as the transferee).

Subject matter

Pursuant to the Patent Transfer Agreement, Joyoung and Joyoung Household Appliances have agreed to transfer their title and interest in the four patents to Jiuyang Bean Industry. The geographical scope for the use of the subject patents by Jiuyang Bean Industry is the PRC.

Details of the four patents are as follows:

No.	Patent	Patentee	Place of registration
1.	A crushing apparatus for food processors and a soymilk maker	Joyoung	PRC
2.	A bean boiling method for soymilk makers and an anti-paste soymilk maker	Joyoung	PRC
3.	A milk and residue separation system for soymilk makers and a new soymilk maker with it	Joyoung	PRC
4.	A filter device of soymilk maker	Joyoung Household Appliances	PRC

The above four patents are mainly used in the research and development and production of commercial soymilk makers, which are not the core technologies required for the research and development and production of small household appliances in Joyoung's principal business.

Consideration and basis for determination

The aggregate consideration for the transfer of the four patents is RMB158,800. The consideration shall be paid by Jiuyang Bean Industry to the designated bank accounts of Joyoung and Joyoung Household Appliances within 15 days since the Patent Transfer Agreement is effective.

The consideration was determined after arm's length negotiations between the parties to the Patent Transfer Agreement with reference to the valuation of the four patents as at June 30, 2023, which was RMB158,800.

According to the valuation report prepared by an independent valuer in the PRC, the three patents owned by Joyoung have been invented for over 10 years and have not been in use. Due to the inability to independently predict the reasonable future benefits and costs, cost approach was adopted for the valuation of the three patents. For the patent owned by Joyoung Household Appliances, it has been fully applied in the production and sale process of soymilk makers and has demonstrated a positive development trend for its revenue level. Hence, the future expected earnings and risks could be reasonably predicted and the income-sharing approach was adopted for the valuation of the patent.

Assumptions made in the valuation

The principal assumptions made in the valuation include:

- (i) the assets to be appraised are already subjects of the transaction and the valuer will make estimation in a simulated market according to the transaction conditions of the assets to be appraised;
- (ii) the assets to be appraised can be transacted freely in the open market, and there are willing buyers and sellers of equal standing, having opportunities and time to gain sufficient market information and trading voluntarily, rationally, under no compulsion and without restriction;
- (iii) the operation of Joyoung and Joyoung Household Appliances is legal and in full compliance with all relevant laws and regulations, and Joyoung and Joyoung Household Appliances will continue to operate;

- (iv) there are no material changes in the macroeconomic environment; and
- (v) the information provided regarding Joyoung and Joyoung Household Appliances is true, accurate and complete.

Determination of valuation model and parameters

(i) Three patents owned by Joyoung

The valuation was determined with reference to the corresponding annual fee standard as published by China National Intellectual Property Administration.

(ii) The patent owned by Joyoung Household Appliances

The valuer sets out the major valuation parameters and the key assumptions, including sales commission percentage, forecasted earnings period and discount rate, in arriving at the valuation. The basic model of this evaluation adopted in the valuation report is:

$$P = \sum_{t=1}^n \frac{R_t \times K_t}{(1+r)^{mt}}$$

Where, P is the appraised value; R_t is the income related to the intangible assets in the future t^{th} period, which is mainly determined through the annual sales income of the relevant patented product; K_t is the sales commission percentage in the future t^{th} period; mt is the discount period in the future t^{th} period; n is the number of years of the economic life; t is the income period; r is the discount rate.

Considering the validity period of the patent, a forecast period of approximately 5 years is taken. Therefore, the forecast period will end in 2028.

Completion

The Patent Transfer Agreement and the transactions contemplated thereunder have been reviewed and approved at the general meeting of Joyoung held on November 20, 2023. Joyoung, Joyoung Household Appliances and Jiuyang Bean Industry shall make all reasonable efforts to complete all procedures involved in the transaction within 6 months after the payment of the transaction consideration.

BRAND LICENSING

On January 31, 2024, Joyoung entered into the Brand Licensing Agreement with Jiuyang Bean Industry, pursuant to which Joyoung has agreed to grant Jiuyang Bean Industry a perpetual and non-exclusive right to use the brand name with a license fee of RMB36 million.

The principal terms of the Brand Licensing Agreement are summarized below:

Date

January 31, 2024

Parties

- (i) Joyoung (as the licensor); and
- (ii) Jiuyang Bean Industry (as the licensee).

Subject matter

Pursuant to the Brand Licensing Agreement, Joyoung has agreed to grant Jiuyang Bean Industry a perpetual and non-exclusive right to use the wordings of “Joyoung (九阳)” in the commercial scenarios within the current business scope of Jiuyang Bean Industry, including company name, product, packaging, trademark, advertising, and in its daily operation management, while Jiuyang Bean Industry shall not engage or participate, directly or indirectly, in any way, in any business and activities that compete or potentially compete, commercially, with Joyoung and its subsidiaries, either within or outside the PRC.

Term

For a perpetual term commencing from January 31, 2024.

As the term of the Brand Licensing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed the Independent Financial Adviser to explain the reasons for a longer period required for the Brand Licensing Agreement and to confirm that it is normal business practice for agreements of this type to be of such duration. Please refer to the section headed “Opinion from the Independent Financial Adviser” below for further details.

License fee and payment terms

The license fee payable by Jiuyang Bean Industry for the right to use the brand name is RMB36 million. The license fee shall be paid by Jiuyang Bean Industry to the designated bank accounts of Joyoung within 15 days since the Brand Licensing Agreement becomes effective.

The Group did not incur historical amount under the Brand Licensing Agreement. The expected annual caps in respect of the license fee under the Brand Licensing Agreement for the three years ending December 31, 2026 are set out as follows:

	From January 31, 2024 to December 31, 2024	For the year ending December 31, 2025	For the year ending December 31, 2026
Annual caps	36,000,000	–	–

The license fee was determined after arm's length negotiations between the parties to the Brand Licensing Agreement with reference to the valuation of the right to use the trade name, which was RMB36 million.

According to the valuation report prepared by an independent valuer in the PRC, the brand name is intended to be fully used in the production and sales of the products of Jiuyang Bean Industry, and its revenue level displays a positive growth trend. Since the future expected earnings and risks could be reasonably predicted, the income-sharing approach was adopted for the valuation of the right to use the trade name.

Assumptions made in the valuation

The principal assumptions made in the valuation include:

- (i) the assets to be appraised are already subjects of the transaction and the valuer will make estimation in a simulated market according to the transaction conditions of the assets to be appraised;

- (ii) the assets to be appraised can be transacted freely in the open market, and there are willing buyers and sellers of equal standing, having opportunities and time to gain sufficient market information and trading voluntarily, rationally, under no compulsion and without restriction;
- (iii) the operation of Jiuyang Bean Industry is legal and in full compliance with all relevant laws and regulations, and Jiuyang Bean Industry will continue to operate;
- (iv) there are no material changes in the macroeconomic environment; and
- (v) the information provided regarding Jiuyang Bean Industry is true, accurate and complete.

Determination of valuation model and parameters

The valuer sets out the major valuation parameters and the key assumptions, including sales commission percentage, forecasted earnings period and discount rate, in arriving at the valuation. The basic model of this evaluation adopted in the valuation report is:

$$P = \sum_{t=1}^n \frac{R_t \times K_t}{(1+r)^{mt}}$$

Where, P is the appraised value; R_t is the income related to the intangible assets in the future t^{th} period, which is mainly determined through the annual sales income of Jiuyang Bean Industry; K_t is the sales commission percentage in the future t^{th} period; mt is the discount period in the future t^{th} period; n is the number of years of the economic life; t is the income period; r is the discount rate.

With the continuation and development of the business, the brand name will constitute a unique brand value. Therefore, such intangible assets will usually exist along with the business development cycle of the enterprise for a long time. A detailed forecast period of around 4 years was taken, followed by a stable income period. Therefore, the detailed forecast period will end in 2027, subsequent to which it is the sustainable forecast period.

REASONS FOR AND BENEFITS OF THE PATENT TRANSFER AND BRAND LICENSING

The core business of Joyoung is the manufacture and sales of home appliance products and it no longer holds any equity interest in Jiuyang Bean Industry at present. The transfer of non-core technology patents unrelated to household appliances is consistent with the overall development strategy of Joyoung and the Group, with an aim to better focus on its core business and promote long-term sustainability, enabling further enhancement of internal resource management and operational efficiency, which is conducive to Joyoung and the Group's long-term development. Thus, the transfer of patents and brand licensing is beneficial to Joyoung and the Group.

It is expected that upon completion of the Patent Transfer and Brand Licensing, the Group will record a gain before tax on the Patent Transfer and Brand Licensing of approximately RMB158,800 and RMB36 million, respectively. Such gain is estimated based on the difference between market fair value and carrying amount. Such gain expected to be recorded by the Group is unaudited and subject to the review and final audit by the auditor of the Group. It is expected that the net proceeds from the Patent Transfer and Brand Licensing will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Patent Transfer Agreement and the Brand Licensing Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole.

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 sales of home appliance products. As at the date of this announcement, Joyoung was owned as to approximately 67% by the Company through Shanghai Lihong and Bilting, and approximately 33% by other public shareholders.

Information on Joyoung Household Appliances

Joyoung Household Appliances is a company incorporated in the PRC with limited liability and is principally engaged in the development and manufacturing of small household appliances. As at the date of this announcement, it was wholly owned by Joyoung.

Information on Jiuyang Bean Industry

Jiuyang Bean Industry is a company incorporated in the PRC with limited liability and is principally engaged in the research and development, sales and production of soymilk powder and commercial soymilk makers. As at the date of this announcement, Jiuyang Bean Industry was owned as to approximately 42.5% by Ningbo Meishan Free Trade Port Area Lihao Investment Limited, 25.5% by Solar Blue (HK) Limited, 15% by Ningbo Meishan Free Trade Port Jiudouyuan Enterprise Management Partnership (Limited Partnership) and 17% by an independent third party, respectively. Ningbo Meishan Free Trade Port Area Lihao Investment Limited was held as to 83.75% by Shanghai Hezhou Investment Co., Ltd., which was indirectly owned by Mr. Wang Xuning as to 61.85%.

LISTING RULES IMPLICATIONS

Jiuyang Bean Industry is considered a connected person of the Company by virtue of it being an associate of Mr. Wang Xuning, an executive Director of the Company, as Mr. Wang Xuning indirectly held approximately 68% of the equity interest in Jiuyang Bean Industry as at the date of this announcement. Accordingly, the transactions contemplated under the Patent Transfer Agreement and the Brand Licensing Agreement constitute a connected transaction and a continuing connected transaction of the Company, respectively.

As all of the applicable percentage ratios in respect of the Patent Transfer Agreement and the transactions contemplated thereunder are less than 0.1%, the Patent Transfer Agreement and the transactions contemplated thereunder are exempt from reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Brand Licensing Agreement and the transactions contemplated thereunder are more than 0.1% but less than 5%, the Brand Licensing Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement made by the Company dated November 24, 2023 in relation to the Equity Transfer Agreement entered into between Joyoung and Solar Blue (HK) Limited. As the Equity Transfer Agreement, the Patent Transfer Agreement and the Brand Licensing Agreement are entered into with different counterparties and/or with different nature, the said agreements and the transactions contemplated under each of the agreements are therefore not aggregated for the computation of the applicable percentage ratios.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

As the term of the Brand Licensing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Gram Capital to explain the reasons for a longer period required for the Brand Licensing Agreement and to confirm that it is normal business practice for agreements of this type to be of such duration.

In assessing the reasons for the duration of the Brand Licensing Agreement to be longer than three years, Gram Capital considered the following factors:

- Jiuyang Bean Industry requires the use of “Joyoung (九阳)” brand name for its operation. The perpetual term provides certainty, comfort and protection to the Jiuyang Bean Industry.
- It would be unduly burdensome and would add unnecessary administration costs for Joyoung and Jiuyang Bean Industry to renew the Brand Licensing Agreement every three years or less to avoid temporary disruption of Jiuyang Bean Industry's business.

In considering whether it is normal business practice for agreements of similar nature to the Brand Licensing Agreement with duration of more than three years, we identified 11 continuing connected transactions in respect of brand/trademark licensing as announced by listed companies in Hong Kong which engage in the sale of branded products or the operation of branded businesses (“**Comparable Transactions**”). The duration(s) of:

- (a) one of the Comparable Transactions was three years and may be renewed automatically until terminated;
- (b) eight of the Comparable Transactions ranged from five to 50 years, while five of which may be automatically renewed for additional period of one year to 50 years; and
- (c) two of the Comparable Transactions were either indefinite or perpetual.

The duration of the Brand Licensing Agreement is not exceptional as compared with the range of durations of the Comparable Transactions.

Taking into account of the above, Gram Capital confirms that the duration of the Brand Licensing Agreement, which is longer than three years, is required and it is normal business practice for agreements of this type to be of such duration.

GENERAL

Mr. Wang Xuning is interested in approximately 68% of the equity interest in Jiuyang Bean Industry. As such, Mr. Wang Xuning is considered to have a material interest in the transactions contemplated under the Patent Transfer Agreement and the Brand Licensing Agreement, and has abstained from voting on the Board resolutions for considering and approving the Patent Transfer Agreement and the Brand Licensing Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interests in the transactions or is required to abstain from voting on the Board resolutions approving the transactions.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bilting”	Bilting Developments Limited, a company incorporated under the laws of the BVI on October 19, 2004 with limited liability, and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Brand Licensing”	the grant of a perpetual and non-exclusive right to use the wordings of “Joyoung (九阳)” by Joyoung to Jiuyang Bean Industry pursuant to the terms and conditions of the Brand Licensing Agreement
“Brand Licensing Agreement”	the brand licensing agreement dated January 31, 2024 entered into between Joyoung and Jiuyang Bean Industry
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, and for the purposes of this announcement for geographical reference only (unless otherwise indicated), excluding Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong
“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 to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated November 24, 2023 entered into between Joyoung and Solar Blue (HK) Limited in relation to the transfer of 25.5001% equity interest in Jiuyang Bean Industry, as announced by the Company on November 24, 2023
“Group”	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
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser of the Company appointed for the purpose of Rule 14A.52 of the Listing Rules
“independent third party(ies)”	a person or entity who is not a connected person of the Company
“Jiuyang Bean Industry”	Hangzhou Jiuyang Bean Industry Limited (杭州九陽豆業有限公司), a company incorporated under the laws of the PRC on November 18, 2008 with limited liability

“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
“Joyoung Household Appliances”	Hangzhou Joyoung Household Electric Appliances Limited (杭州九陽小家電有限公司), a company incorporated in the PRC on September 5, 2007 with limited liability, and a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Patent Transfer”	the transfer of four patents by Joyoung and Joyoung Household Appliances to Jiuyang Bean Industry pursuant to the terms and conditions of the Patent Transfer Agreement
“Patent Transfer Agreement”	the patent transfer agreement dated January 31, 2024 entered into between Joyoung, Joyoung Household Appliances and Jiuyang Bean Industry
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Lihong”	Shanghai Lihong Enterprises Management Co., Ltd. (上海力鴻企業管理有限公司), a company incorporated in the PRC on February 14, 2003, and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“wordings of ‘Joyoung (九阳)’”	simplified or traditional Chinese of “九阳”, the English word “JOYOUNG” in upper or lower case, and any combinations of the aforesaid Chinese and English wordings
“%”	per cent

By Order of the Board
JS Global Lifestyle Company Limited
WANG Xuning
Chairman

Hong Kong, January 31, 2024

As at the date of this announcement, the Board comprises Mr. WANG Xuning, Ms. HAN Run and Ms. HUANG Shuling as executive Directors, Mr. Stassi Anastas ANASTASSOV as non-executive Director and Mr. Yuan DING, Mr. YANG Xianxiang and Mr. SUN Zhe as independent non-executive Directors.