JS Global Lifestyle Company Limited
JS 环球生活有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1691)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL HIGHLIGHTS OF THE 2023 ANNUAL RESULTS ANNOUNCEMENT

- Revenue from continuing operations was US$1,428.7 million, representing a year-on-year decrease of 3.2%;
- Gross profit from continuing operations was US$486.6 million, representing a year-on-year decrease of 9.3%;
- Profit from continuing operations was US$70.3 million, representing a year-on-year decrease of 37.0% and profit from both continuing and discontinued operations was US$150.0 million, representing a year-on-year decrease of 58.1%;
- EBITDA from continuing operations decreased by 31.1% year-on-year to approximately US$116.5 million and EBITDA from both continuing and discontinued operations decreased by 47.4% year-on-year to approximately US$328.7 million;
- Adjusted EBITDA from continuing operations decreased by 56.6% year-on-year to approximately US$83.9 million and adjusted EBITDA from both continuing and discontinued operations decreased by 41.0% year-on-year to approximately US$397.1 million.

The board (the "**Board**") of directors (the "**Directors**") of JS Global Lifestyle Company Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**" or "**we**") for the year ended December 31, 2023 (the "**Reporting Period**").

FINANCIAL INFORMATION

The financial information below is an extract of the consolidated financial statements of the Group for the year ended December 31, 2023:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2023

	Notes	2023 US$'000	2022 US$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	*4*	**1,428,706**	1,475,506
Cost of sales		**(942,122)**	(939,120)
Gross profit		**486,584**	536,386
Other income and gains	*5*	**94,496**	21,282
Selling and distribution expenses		**(256,318)**	(263,547)
Administrative expenses		**(216,043)**	(141,356)
Impairment losses on financial assets		**(4,445)**	(583)
Other expenses		**(2,819)**	(1,912)
Finance costs	*7*	**(19,860)**	(18,761)
Share of profits and losses of associates		**3,229**	5,167
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**84,824**	136,676
Income tax expense	*8*	**(14,559)**	(25,210)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**70,265**	111,466

	Notes	**2023**	2022
		US$'000	*US$'000*
			(Restated)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	*9*	**79,703**	246,037
PROFIT FOR THE YEAR		**149,968**	357,503
Attributable to:			
Owners of the parent		**131,707**	332,274
Non-controlling interests		**18,261**	25,229
		149,968	357,503
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic			
– For profit for the year		**US$3.8 cents**	US$9.7 cents
– For profit from continuing operations		**US$1.5 cents**	US$2.5 cents
Diluted			
– For profit for the year		**US$3.8 cents**	US$9.6 cents
– For profit from continuing operations		**US$1.5 cents**	US$2.5 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

	2023	2022
	US$'000	*US$'000*
		(Restated)
PROFIT FOR THE YEAR	**149,968**	357,503
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(13,852)**	(75,120)
Cash flow hedges, net of tax	**(14,373)**	–
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(28,225)**	(75,120)
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	**(971)**	(1,908)
Income tax effect	**130**	467
	(841)	(1,441)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(841)**	(1,441)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(29,066)**	(76,561)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**120,902**	280,942
Attributable to:		
Owners of the parent	**108,105**	273,412
Non-controlling interests	**12,797**	7,530
	120,902	280,942

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Notes	2023 US$'000	2022 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**91,008**	218,972
Investment properties		**14,607**	16,756
Prepaid land lease payments		**13,732**	14,533
Right-of-use assets		**5,516**	72,752
Goodwill	*12*	**5,848**	848,619
Other intangible assets		**4,400**	609,239
Investments in associates		**20,082**	30,080
Financial assets at fair value through profit or loss		**152,140**	76,158
Financial assets designated at fair value through other comprehensive income		**40,927**	42,495
Deferred tax assets		**18,800**	103,433
Other non-current assets		**14,322**	20,649
Total non-current assets		**381,382**	2,053,686
CURRENT ASSETS			
Inventories	*13*	**120,092**	646,270
Trade and bills receivables	*14*	**395,804**	1,198,025
Prepayments, other receivables and other assets		**79,381**	158,853
Financial assets at fair value through profit or loss		**50,539**	17,286
Derivative financial instruments		**–**	22,657
Pledged deposits		**56,292**	34,901
Cash and cash equivalents		**319,801**	504,137
Total current assets		**1,021,909**	2,582,129

	Notes	2023 US$'000	2022 US$'000
CURRENT LIABILITIES			
Trade and bills payables	*15*	**472,410**	687,506
Other payables and accruals		**214,186**	663,275
Other financial liabilities		**–**	87,148
Interest-bearing bank borrowings	*16*	**–**	135,275
Lease liabilities		**2,532**	16,986
Tax payable		**5,630**	4,838
Total current liabilities		**694,758**	1,595,028
NET CURRENT ASSETS		**327,151**	987,101
TOTAL ASSETS LESS CURRENT LIABILITIES		**708,533**	3,040,787
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*16*	**–**	721,781
Lease liabilities		**3,177**	67,466
Deferred tax liabilities		**5,637**	160,656
Other non-current liabilities		**1,554**	26,235
Total non-current liabilities		**10,368**	976,138
Net assets		**698,165**	2,064,649
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*17*	**34**	34
Treasury shares		**(47,495)**	(32,614)
Share premium		**433,388**	1,064,487
Capital reserve		**(60,719)**	(60,719)
Reserves		**210,257**	928,504
		535,465	1,899,692
Non-controlling interests		**162,700**	164,957
Total equity		**698,165**	2,064,649

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. CORPORATE AND GROUP INFORMATION

JS Global Lifestyle Company Limited (JS环球生活有限公司, the "**Company**") is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

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

- design, manufacture, marketing, export and distribution of a full range of small kitchen electrical appliances under the brand of "**Joyoung**".

As disclosed in note 9, the Group had discontinued the operations of SharkNinja, Inc. and its subsidiaries ("**SharkNinja Group**") in July 2023 through distribution in specie, in which the Company distributed all of the shares of SharkNinja Group it held to its shareholders. SharkNinja Group was involved in design, marketing, manufacture, export, import and distribution of a full range of floor-care products, hard-surface steam cleaning products and small kitchen appliances under the brands of "**Shark**" and "**Ninja**".

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is JS&W Global Holding Limited Partnership (previously known as JS Holding Limited Partnership), which is incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Standing Interpretations Committee interpretations issued and approved by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial liabilities associated with the put option which have been measured at fair value. These financial statements are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since January 1, 2023. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at January 1, 2022, with any cumulative effect recognized as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. The adoption of amendments to IAS 12 did not have any material impact on the financial position or performance of the Group.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect.

The Group has applied the temporary exception during the current year and the Group is working on impact assessment of Pillar Two.

3. OPERATING SEGMENT INFORMATION

As mentioned in note 1, following the discontinuing of the operation of SharkNinja Group, SharkNinja operating in Asia Pacific Region is separated from the original SharkNinja segment and becomes a separate segment of the Group. For management purposes, the Group has re-organized into business units based on its operations and has two reportable operating segments accordingly, which is illustrated as follows:

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

(b) the SharkNinja APAC segment, which operates in Asia Pacific Region, was involved in the design, marketing, manufacture, provision of sourcing services, export, import and distribution of a full range of floor care products, hard-surface steam cleaning products and small kitchen appliances under the brands of "Shark" and "Ninja".

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 from continuing operations. The adjusted profit before tax is measured consistently with the Group's profit before tax from continuing operations except the head office and corporate income and expenses which are excluded from such measurement. The head office and corporate income and expenses include exchange gains or losses, interest income, non-lease-related finance costs, and other unallocated corporate income and expenses.

Year ended December 31, 2023

	Joyoung *US$'000*	SharkNinja APAC *US$'000*	Total *US$'000*
Segment revenue			
Sales to external customers	**1,190,033**	**151,732**	**1,341,765**
Sourcing services	**–**	**86,941**	**86,941**
Intersegment sales	**152,556**	**–**	**152,556**
Total segment revenue	**1,342,589**	**238,673**	**1,581,262**
Reconciliation:			
Elimination of intersegment sales			**(152,556)**
Revenue from continuing operations *(note 4)*			**1,428,706**
Segment results	**62,773**	**75,710**	**138,483**
Reconciliation:			
Interest income			**557**
Exchange gain			**5,095**
Unallocated income			**2,724**
Finance costs			**(19,484)**
Corporate and other unallocated expenses			**(42,551)**
Profit before tax			**84,824**
Other segment information			
Share of profits and losses of associates	**3,229**	**–**	**3,229**
Impairment of inventories and financial assets recognized in profit or loss	**5,580**	**–**	**5,580**
Depreciation and amortization	**15,080**	**2,947**	**18,027**
Interest income	**5,589**	**–**	**5,589**
Finance costs	**321**	**55**	**376**
Investments in associates	**20,082**	**–**	**20,082**
Capital expenditure*	**10,032**	**380**	**10,412**

Year ended December 31, 2022

	Joyoung *US$'000*	SharkNinja APAC *US$'000*	Total *US$'000*
Segment revenue			
Sales to external customers	1,325,306	63,940	1,389,246
Sourcing services	–	86,260	86,260
Intersegment sales	173,894	–	173,894
Total segment revenue	1,499,200	150,200	1,649,400
Reconciliation:			
Elimination of intersegment sales			(173,894)
Revenue from continuing operations *(note 4)*			1,475,506
Segment results	88,275	69,888	158,163
Reconciliation:			
Interest income			200
Exchange gain			10,792
Unallocated income			1,931
Finance costs			(18,118)
Corporate and other unallocated expenses			(16,292)
Profit before tax			136,676
Other segment information			
Share of profits and losses of associates	5,167	–	5,167
Impairment of inventories and financial assets recognized in profit or loss	4,237	–	4,237
Depreciation and amortization	17,480	2,450	19,930
Interest income	6,065	–	6,065
Finance costs	637	6	643
Investments in associates	30,080	–	30,080
Capital expenditure*	17,761	397	18,158

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

Geographical information

(a) Revenue disaggregated by location are as follows:

	2023	2022
	US$'000	*US$'000*
		(Restated)
Chinese Mainland	**1,037,566**	1,307,225
Japan	**91,837**	64,207
Australia and New Zealand	**43,814**	–
Other countries/regions	**255,489**	104,074
Total revenue	**1,428,706**	1,475,506

(b) Non-current assets

	2023	2022
	US$'000	*US$'000*
Chinese Mainland	**286,880**	139,216
Japan	**13,540**	2,417
Australia and New Zealand	**4**	–
Other countries/regions	**80,958**	1,923
Total non-current assets	**381,382**	143,556

The non-current assets information above is based on the locations of the assets and included property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets, and intangible assets other than goodwill.

Information about major customers

Revenue from a major customer accounting for more than 10% of total revenue from continuing operations of the Group for the years ended December 31, 2023.

	2023	2022
	%	*%*
Customer A	**12**	–

All revenue derived from other individual external customers was less than 10% of the Group's total revenue from continuing operations for the years ended December 31, 2023 and 2022.

4. REVENUE

An analysis of revenue is as follows:

	2023	2022
	US$'000	*US$'000*
		(Restated)
Revenue from contracts with customers		
Sale of goods	**1,341,765**	1,389,246
Sourcing services	**86,941**	86,260
Total revenue	**1,428,706**	1,475,506

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2022
	US$'000	*US$'000*
		(Restated)
Geographical markets		
Chinese Mainland	**1,037,566**	1,307,225
Japan	**91,837**	64,207
Australia and New Zealand	**43,814**	–
Other countries/regions	**255,489**	104,074
Total revenue from contracts with customers	**1,428,706**	1,475,506

	2023	2022
	US$'000	*US$'000*
Timing of revenue recognition		
Goods transferred at a point in time	**1,341,765**	1,389,246
Services transferred over time	**86,941**	86,260
Total revenue from contracts with customers	**1,428,706**	1,475,506

The following table shows the amounts of revenue recognized in the current Reporting Period from continuing operation that were included in the contract liabilities at the beginning of the reporting period:

	2023	2022
	US$'000	*US$'000*
Sale of goods and provision of extended warranties	**23,981**	26,250

(b) *Performance obligations*

Information about the Group's performance obligations is summarized below:

Sale of home appliances

The performance obligation is satisfied upon delivery of the home appliances and payment is generally due within 60 and 90 days upon delivery. Some contracts provide customers with a right of return, sales rebates and extended warranties which give rise to variable consideration subject to constraint.

Sourcing services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of sourcing services and normally no payment in advance is required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2023	2022
	US$'000	*US$'000*
Amounts expected to be recognized as revenue:		
Within one year	**17,418**	23,981

5. OTHER INCOME AND GAINS

	2023	2022
	US$'000	*US$'000*
		(Restated)
Other income		
Bank interest income	**6,146**	6,265
Net rental income from investment property operating leases	**1,638**	2,815
Government grants	**9,936**	14,771
Others	**6,670**	2,918
Total other income	**24,390**	26,769
Gains		
Gain on disposal of items of property, plant and equipment	**347**	–
Gain/(loss) on financial assets at fair value through profit or loss, net	**46,271**	(17,448)
Gain on disposal of associates, net	**15,294**	–
Foreign exchange differences, net	**7,453**	11,780
Others	**741**	181
Total gains/(losses)	**70,106**	(5,487)
Total other income and gains	**94,496**	21,282

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	2023	2022
	US$'000	*US$'000*
		(Restated)
Cost of inventories sold	**942,122**	939,120
Depreciation of property, plant and equipment	**10,456**	10,599
Depreciation of investment properties	**1,676**	1,765
Depreciation of right-of-use assets	**5,274**	6,660
Amortization of prepaid land lease payments	**387**	418
Amortization of other intangible assets (excluding capitalized development costs)*	**234**	488
Research and development costs:		
Current year expenditure	**55,154**	58,042
Lease payments not included in the measurement of lease liabilities	**3,888**	4,550
Auditor's remuneration	**944**	941
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**114,833**	129,559
Equity-settled share award expense	**4,039**	3,099
Pension scheme contributions**	**8,865**	8,389
Total	**127,737**	141,047

	2023	2022
	US$'000	*US$'000*
		(Restated)
Foreign exchange differences, net	**(7,453)**	(11,780)
Impairment of inventories	**1,135**	3,654
Impairment of financial assets, net:		
Impairment of trade receivables, net	**2,981**	(203)
Impairment of financial assets included in prepayments, other receivables and other assets	**1,464**	786
Total	**4,445**	583
Product warranty provision:		
Additional provision	**–**	2,150
Loss/(gain) on disposal of items of property, plant and equipment	**(347)**	48
Loss/(gain) on financial assets at fair value through profit or loss, net	**(46,271)**	17,448
Gain on disposal of associates, net	**(15,294)**	–
Loss on disposal of right-of-use assets	**–**	30
Government grants***	**(9,936)**	(14,771)

Notes:

* The amortization of software for the year is included in "Administrative expenses" and "Selling and distribution expenses" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** Various government grants have been received for setting up research activities and alleviating unemployment in Chinese Mainland. Government grants received for which related expenditure has not yet been undertaken are recognized as deferred income and included in other non-current liabilities in the statement of financial position.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	US$'000	*US$'000*
		(Restated)
Interest on bank loans	**13,418**	15,065
Interest on lease liabilities	**312**	498
Amortization of deferred finance costs	**6,066**	2,824
Other finance costs	**64**	374
Total	**19,860**	18,761

8. INCOME TAX

	2023	2022
	US$'000	*US$'000*
		(Restated)
Current income tax charge/(credit):		
In Chinese Mainland	**11,051**	15,968
In Hong Kong	**10,131**	8,442
Elsewhere	**(827)**	993
Deferred income tax:		
In Chinese Mainland	**(6,139)**	(193)
In Hong Kong	**343**	–
Total tax charge for the period from continuing operations	**14,559**	25,210
Total tax charge for the period from a discontinued operation	**46,266**	73,992
Total	**60,825**	99,202

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The determination of current and deferred income taxes was based on the enacted tax rates.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Under the relevant PRC income tax law, except for certain preferential treatments available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% (2022: 25%) on their respective taxable income. As at December 31, 2023, three (2022: four) of the Group's entities have obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022 16.5%).

The Group realized tax benefits during the year through applying the preferential corporate income tax rates and the corporate income tax exemptions. These preferential tax treatments were available to the Group pursuant to the enacted PRC tax rules and regulations and are subject to assessment by the relevant PRC tax authorities.

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

2023

	Chinese Mainland		The United States		Hong Kong		The United Kingdom		Others		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Profit before tax from continuing operations	61,918		–		117,927		–		(95,021)		84,824	
Profit before tax from a discontinued operation	3,248		53,428		11,068		56,441		1,784		125,969	
Total	65,166		53,428		128,995		56,441		(93,237)		210,793	
Tax at the statutory tax rates	16,291	25.0	11,220	21.0	21,284	16.5	12,982	23.0	488	(0.5)	62,265	29.5
(Lower)/higher tax charges for specific provinces or enacted by local authority	(4,365)	(6.7)	1,927	3.6	–	–	–	–	6	–	(2,432)	(1.2)
Effect of withholding tax on the distributable profits of Group's subsidiaries	279	0.4	–	–	–	–	21,960	38.9	–	–	22,239	10.6
Effect on opening deferred tax of decrease in tax rates	(1,200)	(1.8)	–	–	–	–	359	0.6	–	–	(841)	(0.4)
Adjustments in respect of current tax of prior years	(372)	(0.6)	31	0.1	8	–	–	–	–	–	(333)	(0.2)
Expenses not deductible for tax	206	0.3	–	–	–	–	–	–	2	–	208	0.1
Income not subject to tax	(203)	(0.3)	–	–	(8,810)	(6.8)	(1,360)	(2.4)	(26)	–	(10,399)	(4.9)
Profits and losses attributable to associates	(624)	(1.0)	–	–	–	–	–	–	–	–	(624)	(0.3)
Adjustment of associates disposal	2,288	3.5	–	–	–	–	–	–	–	–	2,288	1.1
Super deduction on research and development costs	(8,278)	(12.7)	(4,873)	(9.1)	–	–	–	–	–	–	(13,151)	(6.2)
Tax losses utilized from previous years	–	–	–	–	(174)	(0.1)	–	–	–	–	(174)	(0.1)
Temporary difference and tax losses not recognized	299	0.5	1,137	2.1	–	–	1,170	2.1	(827)	0.9	1,779	0.8
Tax charge/(credit) at the Group's effective tax rate	4,321	6.6	9,442	17.7	12,308	9.5	35,111	62.2	(357)	0.4	60,825	28.9
Tax charge from continuing operations at the effective rate	4,912	7.9	–	–	10,474	8.9	–	–	(827)	0.9	14,559	17.2
Tax charge from a discontinued operation at the effective rate	(591)	(18.2)	9,442	17.7	1,834	16.6	35,111	62.2	470	26.3	46,266	36.7

2022

	Chinese Mainland		The United States		Hong Kong		The United Kingdom		Others		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated))	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Profit before tax from continuing operations	90,830		–		78,767		–		(32,921)		136,676	
Profit before tax from a discontinued operation	4,998		267,599		27,705		18,136		1,591		320,029	
Total	95,828		267,599		106,472		18,136		(31,330)		456,705	
Tax at the statutory tax rates	23,957	25.0	56,196	21.0	17,568	16.5	3,446	19.0	1,078	(3.4)	102,245	22.4
(Lower)/higher tax charges for specific provinces or enacted by local authority	(6,541)	(6.8)	7,063	2.6	–	–	–	–	(113)	0.4	409	0.1
Effect of withholding tax on the distributable profits of Group's subsidiaries	4,685	4.9	–	–	–	–	3,091	17.0	–	–	7,776	1.7
Effect on opening deferred tax of decrease in tax rates	–	–	–	–	–	–	(1,785)	(9.8)	–	–	(1,785)	(0.4)
Adjustments in respect of current tax of prior years	776	0.8	(1,630)	(0.6)	(731)	(0.7)	816	4.5	31	(0.1)	(738)	(0.2)
Expenses not deductible for tax	1,226	1.3	–	–	–	–	–	–	–	–	1,226	0.3
Income not subject to tax	–	–	(1,319)	(0.5)	(3,781)	(3.6)	–	–	–	–	(5,100)	(1.1)
Profits and losses attributable to associates	(1,263)	(1.3)	–	–	–	–	–	–	–	–	(1,263)	(0.3)
Super deduction on research and development costs	(8,745)	(9.1)	(6,436)	(2.4)	–	–	–	–	–	–	(15,181)	(3.3)
Temporary difference and tax losses not recognized	3,936	4.1	6,067	2.3	18	–	1,592	8.8	–	–	11,613	2.5
Tax charge/(credit) at the Group's effective tax rate	18,031	18.9	59,941	22.4	13,074	12.2	7,160	39.5	996	(3.1)	99,202	21.7
Tax charge from continuing operations at the effective rate	15,775	17.4	–	–	8,442	10.7	–	–	993	(3.0)	25,210	18.4
Tax charge from a discontinued operation at the effective rate	2,256	45.1	59,941	22.4	4,632	16.7	7,160	39.5	3	0.2	73,992	23.1

The share of tax credit attributable to associates amounting to US$624,000 (2022: US$1,263,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

Pillar Two income taxes

As stated in note 2.2(d), the Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the legislation will be effective for the Group's financial year beginning January 1, 2024.

The Group is in the process of assessing the potential exposure arising from Pillar Two legislation based on the information available for the financial year ended December 31, 2023. Based on the assessment carried out so far, the Group has identified certain jurisdictions where the Pillar Two effective tax rates are likely to be lower than 15%. Quantitative information to indicate potential exposure to Pillar Two income taxes is still under assessment.

9. DISCONTINUED OPERATIONS

Pursuant to the resolution of the extraordinary general meeting on June 26, 2023, the Company completed the distribution of SharkNinja Group on July 31, 2023, in which the Company distributed all of the shares of SharkNinja Group it holds to its shareholders. SharkNinja Group was engaged in the manufacture and sale of home appliances in North America, Europe and various other countries throughout the world. Upon the completion of distribution, SharkNinja Group ceased to be the subsidiaries of the Company. Details of the distribution have been disclosed in the announcements of the Company dated February 23, June 6, June 28, July 3, July 14 and July 31, 2023, and the circular of the Company dated June 5, 2023.

The results of SharkNinja Group for the period from January 1, 2023 to July 31, 2023 are presented below:

	January 1, 2023 to July 31, 2023	2022
	US$'000	*US$'000*
Revenue	**2,010,449**	3,565,704
Cost of sales	**(1,111,957)**	(2,221,904)
Other income and gains	**3,529**	24,624
Selling and distribution expenses	**(363,731)**	(526,848)
Administrative expenses	**(361,052)**	(468,555)
Impairment losses on financial assets	**(1,354)**	(8,964)
Other expenses	**(28,425)**	(15,361)
Finance costs	**(21,490)**	(28,667)
Profit before tax from the discontinued operation	**125,969**	320,029
Income tax expense	**(46,266)**	(73,992)
Profit for the year from the discontinued operation	**79,703**	246,037

The major classes of assets and liabilities of the discontinued operation as at July 31, 2023 are as follows:

	US$'000
Assets	
Cash and cash equivalents	244,619
Prepayments, deposits and other receivables	78,639
Trade receivables	882,252
Inventories	611,222
Deferred tax assets	107,699
Other intangible assets	609,473
Goodwill	842,606
Right-of-use assets	64,616
Property, plant and equipment	140,121
Other non-current assets	13,503
Total	3,594,750
Liabilities	
Trade and bills payables	456,232
Derivative financial Instruments	17,800
Other payables and accruals	569,018
Interest-bearing bank and other borrowings	804,383
Lease liabilities	75,864
Deferred tax liabilities	140,854
Other non-current liabilities	28,001
Total	2,092,152
Net assets directly associated with the discontinued operation	1,502,598

The net cash flows as a result of the distribution in specie are as follows:

	July 31, 2023 *US$'000*
Cash and bank balances distributed	(244,619)

The net cash flows attributable by SharkNinja Group are as follows:

	January 1, 2023 to July 31, 2023	2022
	US$'000	*US$'000*
Operating activities	**209,942**	356,029
Investing activities	**(86,989)**	(136,824)
Financing activities	**(102,358)**	(224,145)
Net cash inflows/(outflows)	**20,595**	(4,940)
Earnings per share:		
Basic, from the discontinued operation	**US$2.3 cents**	US$7.2 cents
Diluted, from the discontinued operation	**US$2.3 cents**	US$7.1 cents

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	2023	2022
Profit attributable to ordinary equity holders of the parent from the discontinued operation	**US$79,773,000**	US$246,413,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,423,845,000**	3,418,257,000
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**3,436,913,000**	3,447,463,000

10. DIVIDENDS

	2023	2022
	US$'000	*US$'000*
Interim dividend-HK$0.0392 (equivalent to US$0.005) (2022: Nil) per ordinary share	**17,380**	–
Proposed final dividend – nil (2022: Nil) per ordinary share	**–**	–
Total	**17,380**	–

In addition to the interim dividend as mentioned above, the Company has also distributed its equity interests in SharkNinja Group in 2023.

The board does not recommend the payment of any final dividend for the year.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,423,845,000 (2022: 3,418,257,000) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the dilutive effect arising from the share award scheme of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2023	2022
	US$'000	*US$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**131,707**	332,274
From continuing operations	**51,934**	85,861
From the discontinued operation	**79,773**	246,413

	Number of shares 2023	Number of shares 2022
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,423,845**	3,418,257
Effect of dilution — weighted average number of ordinary shares:		
Share award scheme	**13,068**	29,206
Total	**3,436,913**	3,447,463

12. GOODWILL

	2023	2022
	US$'000	*US$'000*
Goodwill at January 1	**848,619**	849,296
Acquisition of the subsidiary	**109**	–
Included in the discontinued operation *(note 9)*	**(842,606)**	–
Exchange realignment	**(274)**	(677)
Less: Provision for impairment	**–**	–
Goodwill at December 31	**5,848**	848,619

The goodwill as at December 31, 2023 was allocated to the subsidiaries of the Company located in Asia Pacific Region.

Impairment testing of goodwill – 2023

Regarding to the annual impairment test as at December 31, 2023, the recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management at December 31, 2023. The discount rate applied to the cash flow projections is 11.1%. The growth rate used to extrapolate the cash flows beyond the five-year period is 1.8%.

Assumptions were used in the value in use calculation as at December 31, 2023. The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth — The bases used to determine the future earnings potential are historical sales and average expected growth rates of the market in Japan.

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, adjusted for expected market development.

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

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

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

Based on the result of the impairment testing, the estimated recoverable amount has exceeded its carrying amount by US$121 million as at December 31, 2023.

Sensitivity to changes in assumptions

The Company has performed the sensitivity analysis on key assumptions used in the impairment testing. Had the estimated key assumptions been changed as below, the headroom would have increased/ (decreased) by:

	2023
	US$'000
Five-year period growth rate increased by 5%	**5,679**
Five-year period growth rate decreased by 5%	**(5,571)**
Discount rate decreased by 5%	**9,761**
Discount rate increased by 5%	**(8,641)**

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the CGU to exceed its recoverable amount.

Impairment testing of goodwill and intangible assets with indefinite lives – 2022

Goodwill and trademarks recorded in other intangible assets with indefinite lives acquired through business combinations are allocated to the cash-generating unit ("**CGU**") of SharkNinja Global and its subsidiaries (collectively referred to as the "**SharkNinja Global**") for impairment testing.

The Group performed its annual impairment test as at December 31, 2022. The recoverable amount of the SharkNinja Global CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management at December 31, 2022, corroborated by the market approach. The discount rate applied to the cash flow projections is 12%. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2.5%.

Assumptions were used in the value in use calculation of the SharkNinja Global CGU at December 31, 2022. The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth — The bases used to determine the future earnings potential are historical sales and average expected growth rates of the markets in North America, Europe, Asia and other region.

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, adjusted for expected market development.

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

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

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

Based on the result of the impairment test on the SharkNinja Global CGU, the estimated recoverable amount of the SharkNinja Global CGU exceeded its carrying amount by US$1,772 million as at December 31, 2022.

Sensitivity to changes in assumptions

The Company has performed the sensitivity analysis on key assumptions used in the impairment testing. Had the estimated key assumptions been changed as below, the headroom would have increased/(decreased) by:

	2022 *US$'000*
Five-year period growth rate increased by 5%	174,652
Five-year period growth rate decreased by 5%	(170,817)
Discount rate decreased by 5%	312,866
Discount rate increased by 5%	(274,595)

With regard to the assessment of the value in use of the SharkNinja Global CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the CGU to exceed its recoverable amount.

13. INVENTORIES

	2023	2022
	US$'000	*US$'000*
Raw materials	**24,727**	23,347
Finished goods	**99,480**	639,305
Less: Impairment	**(4,115)**	(16,382)
Total	**120,092**	646,270

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

	2023	2022
	US$'000	*US$'000*
At the beginning of the year	**16,382**	7,356
Impairment losses	**20,236**	12,381
Less: Amounts written off	**(12,019)**	(3,233)
Discontinued operation	**(20,375)**	–
Exchange realignment	**(109)**	(122)
At the end of the year	**4,115**	16,382

14. TRADE AND BILLS RECEIVABLES

	2023	2022
	US$'000	*US$'000*
Bills receivable	**177,191**	264,515
Trade receivables	**225,612**	945,339
Less: Impairment	**(6,999)**	(11,829)
Net carrying amount	**395,804**	1,198,025

The credit period is generally six months and extend appropriately for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management.

Included in the Group's trade and bills receivables were amounts due from the Group's associates of US$21,600,000 (2022: US$7,013,000) as at December 31, 2023, which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the year end, based on the invoice date and net of impairment, is as follows:

	2023	2022
	US$'000	*US$'000*
Within 6 months	**389,911**	1,189,551
6 months to 1 year	**4,748**	7,072
1 to 2 years	**923**	1,402
Over 2 years	**222**	–
Total	**395,804**	1,198,025

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

	2023	2022
	US$'000	*US$'000*
As at the beginning of the year	**11,829**	6,818
Impairment losses, net	**4,335**	8,761
Discontinued operation	**(6,060)**	–
Amount written off as uncollectible	**(3,105)**	(3,750)
As at the end of the year	**6,999**	11,829

As at December 31, 2023 and 2022, the trade receivables were denominated in US$ and RMB, and the fair values of trade receivables approximated to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix or assessed individually to measure expected credit losses. As at December 31, 2023, the SharkNinja Group was disposed of by the Group, and there was no individually assessed provision at December 31, 2023 (2022: US$6,998,000). The provision rates used in the provision matrix are based on the days from the billing date for customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At December 31, 2023

	Past due				
	Not overdue to 6 months	**7 to 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**0.70%**	**30.40%**	**49.48%**	**100.00%**	
Gross carrying amount (US$'000)	**213,828**	**6,598**	**3,343**	**1,843**	**225,612**
Expected credit losses (US$'000)	**1,496**	**2,006**	**1,654**	**1,843**	**6,999**

At December 31, 2022

	Past due				
	Not overdue to 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.14%	30.12%	53.30%	100%	
Gross carrying amount (US$'000)	925,370	2,261	3,002	1,217	931,850
Expected credit losses (US$'000)	1,333	681	1,600	1,217	4,831

15. TRADE AND BILLS PAYABLES

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

	2023	2022
	US$'000	*US$'000*
Within 1 year	**471,423**	686,698
1 to 2 years	**987**	808
Total	**472,410**	687,506

Included in the trade and bills payables are trade payables of US$12,471,000 (2022: US$13,070,000) 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$56,292,000 (2022: US$34,901,000) and bills receivable of the Group of US$127,620,000 (2022: US$124,815,000) as at December 31, 2023.

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

16. INTEREST-BEARING BANK BORROWINGS

	December 31, 2022		
	Interest rate (%)	Maturity	*US$'000*
Current			
Bank loans — secured (a)	1.56+LIBOR	2023	48,303
Bank loans — secured (a)	1.80+LIBOR	2023	86,972
Total — current			135,275
Non-current			
Bank loans — secured (a)	1.56+LIBOR	2024 to 2025	372,612
Bank loans – secured (a)	1.80+LIBOR	2024 to 2025	349,169
Total — non-current			721,781
Total			857,056

	December 31, 2022
	US$'000
Analyzed into:	
Bank loans repayable:	
Within one year or on demand	135,275
In the second year	222,797
In the third to fifth years, inclusive	498,984
Total	857,056

All interest-bearing bank borrowings as at 31 December 2022 has been repaid in 2023.

Notes:

(a) The bank loans are secured by:

(i) The pledge of 411,558,069 shares of Joyoung Co., Ltd. as at December 31, 2022, and the pledge of 103,939,172 shares of Joyoung Co., Ltd., which was effective starting from January 24, 2022;

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

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

(iv) Certain of the Group's assets amounting to US$2,554,454,000 as at December 31, 2022; and

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

	Percentage of equity interests at December 31, 2022
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%

As at December 31,2023, the Group had no interest-bearing bank borrowings.

17. ISSUED CAPITAL

	2023	2022
	US$'000	*US$'000*
Authorized:		
5,000,000,000 (2022: 5,000,000,000) ordinary shares of US$0.00001 each	**50**	50
Issued and fully paid:		
3,474,571,777 (2022: 3,494,612,277) ordinary shares of US$0.00001 each	**34**	34

	Note	Number of ordinary shares	Nominal value
			US$'000
At January 1, 2022 and January 1, 2023		**3,494,612,277**	34
Cancellation of shares	*(i)*	**(20,040,500)**	–
At December 31, 2023		**3,474,571,777**	34

(i) In July 2023, the Company cancelled 20,040,500 ordinary shares with a nominal value of US$0.00001.

18. EVENTS AFTER THE REPORTING PERIOD

(i) In January 2024, Hangzhou Joyoung Household Electric Appliances Limited, a wholly-owned subsidiary of Joyoung Co., Ltd. has completed the acquisition of 68.4517% equity of Shenzhen Beetle Intelligent Co., Ltd., a company which has multiple core patents of robotic vacuum of a total consideration in cash of RMB126 million. Since then, Shenzhen Beetle Intelligent Co., Ltd. has become a subsidiary of the Company.

(ii) In January 2024, the Group as a borrower, entered into a facility agreement with banks as arrangers and agents, for a loan facility of US$100,000,000. The final maturity date of the facility shall initially be the date falling 364 days after the date of the facility agreement and shall, subject to the terms and conditions therein, be extended to the date falling 36 months after the date of the facility agreement. The proceeds from the facility will be primarily used as general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS OVERVIEW

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

We are the leader in high-quality, innovative small household appliances and our success is centered around our deep understanding of local 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. After the spin-off from the Group and seperate listing of the shares of SharkNinja, Inc. and its subsidiaries (the "**SharkNinja Group**") on the New York Stock Exchange (the "**Spin-off**") during the year of 2023, we continue to deepen our core business and accelerate our presence in the Asia Pacific market with trusted market-leading brands: Joyoung, Shark and Ninja.

We focus on three core competencies: (i) developing transformational innovative products with appealing designs; (ii) effecting multi-form brand and product marketing activities; and (iii) building omni-channel sales network. They are supported by efficient 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.

During the Reporting Period, the Company completed the Spin-off and reorganization of the non-APAC businesses of the SharkNinja segment, and following the Spin-off, we continue to operate the APAC businesses of the original SharkNinja segment and the Joyoung segment:

- The SharkNinja segment underwent a Spin-off and reorganization during the Reporting Period, whereby we span off and ran our business in North America, Europe and other selected regions (i.e. the non-APAC businesses) separately. Since then, the Group has continued to operate SharkNinja APAC business, focusing on launching and selling innovative cleaning appliances, kitchen appliances and personal care appliances for the APAC markets. Through consumer insights in different markets, we have launched new products and categories, enriched our product portfolio and marketing campaigns, and continued to increase our market share in legacy markets. At the same time, we endeavor to enter more markets or regions. During the Reporting Period, we took over our distributor markets in Australia, New Zealand, Singapore and Malaysia through the acquisition of Mann & Noble entities, and has witnessed encouraging growth there. By the end of the year, SharkNinja APAC segment also entered into the Philippines market through a local distributor.

- During the Reporting Period, the Joyoung segment maintained its focus on technological innovation as a means to provide consumers with a continuous supply of healthy home appliances, with a primary focus on kitchen appliances and cleaning appliances. In Chinese Mainland, the Joyoung brand is at the forefront of several innovative product categories. During the Reporting Period, in particular, the success of the second-generation non-coating non-stick rice cooker and the quiet high-performance blender allowed Joyoung to reach an increasing number of middle-class households.

Global Update

The Group adjusted its organization structure during the Reporting Period by spinning off and operating the SharkNinja non-APAC business independently from the Group and separately listed on the New York Stock Exchange on July 31, 2023. We classified such spun-off business of the SharkNinja segment as a discontinued operation.

During the Reporting Period, the overall performance of the continuing operations of the Group, including Joyoung segment and SharkNinja APAC business, declined compared with 2022 mainly due to:

(1) the significant increase in the one-off professional service fees incurred for the Spin-off and distribution-in-specie and other related matters;

(2) the increase in sales and marketing expense for expansion of the APAC markets;

(3) the increase in human resources cost to complement the overall expansion of the APAC markets; and

(4) persistent challenge and competitive market in Chinese Mainland.

The negative impact of the above was partially offset by strong growth in SharkNinja APAC business as a result of continued market share growth in the exisiting market and entry into new markets from strategic acquisitions.

The United States and Europe

During the period ended July 31, 2023, SharkNinja non-APAC business maintained a stable level of revenue in the U.S. while Europe continued to have strong revenue growth driven primarily by the heated category and personal care category. After the completion of Spin-off, the result of SharkNinja non-APAC business was not consolidated in the Group starting from August 1, 2023.

Chinese Mainland

Amid the fierce market competition in 2023 and the structural adjustment in the consumer goods sector, the Joyoung segment of the Group, as a leader in the domestic small household appliance industry, continuously launched innovative technology products that lead the industry's development trend, and improved operational efficiency through improved quality and efficiency of production achieved by taking measures such as platform-based production, flexible delivery, production sales rhythm linkage, digital operation and intelligent manufacturing.

In terms of products, Joyoung adheres to the brand DNA of "health and innovation" and is committed to providing users with one-stop high-quality small household appliance solutions for the entire house, from healthy eating to healthy living. In 2023, we launched a variety of new products in our main-selling kitchen small appliances category such as the variable-frequency light noise blender, the second generation zero-coating rice cooker, and the non-flip quick tender roasted air fryer.

- Variable-frequency light noise blender: through user insight, Joyoung found that noise is the biggest pain point for consumers when using blenders. Therefore, the Company has launched a blender product equipped with a variable-frequency brushless motor to solve the noise problem from the root, and provides a lifelong warranty after-sales service commitment for this motor.

- The second generation zero-coating rice cooker: Joyoung developed dot matrix micro pit technology based on the precise temperature control of air cooling, creating nearly 200,000 water locking micro pits on the inner tank and meeting the national level II non-stick standard, which made the structure of the water film more stable, and upgraded the zero-coating non-stick rice cooker products.

- Non-flip quick tender roasted air fryer: Joyoung equipped the air fryer with a 6-fold sealed water locking system based on the stereo hot air cyclic heating technology, which improved the product's cooking efficiency and allowed the air fryer to switch between tender and crispy flavors with just one click.

In addition, Joyoung has introduced an anti-hair-tangling function to the whole series of products under the cleaning business segment. In addition, Joyoung has innovatively applied crawler-tracted rolling brush-empowered floor scrubbing technology and 4D stereoscopic fast hot-air drying technology to its mainstream products such as wet dry vacuums and wet mop robot vacuums, effectively realising anti-bacteria and deodorisation in its cleaning business chain.

In terms of channels, Joyoung coordinated the development of shelf e-commerce, content e-commerce, shopping mall, new retail and markets in lower-tier cities in 2023, and continued to actively deploy and expand emerging channels, focusing on the development of content e-commerce platforms dominated by Douyin and Xiaohongshu, and established professional teams or departments for user research, data analysis, content creation, livestreaming, editing, directing and filming, gradually completing a more complete livestreaming matrix and a closed-sales loop of "marketing – purchase – sharing".

Joyoung also strengthened the construction of retail terminals and shopping guides, guided experienced terminal stores and shopping guides to carry out scenario based demonstrations and livestream sales, built and refined a more comprehensive, efficient, and accurate O2O digital uni marketing operation system based on the self-built digital intermediate platform network, while exploring opportunities in emerging channels, valuing user's experience, appraisal and feedback throughout the sales chain and comprehensively improving retail sales capabilities.

In terms of operation, in 2023, Joyoung capitalised on the advantages of its self-built digital platform network, actively tapped into the value of big data, and continuously improved its digital operation to proactively adapt itself to the development trend of high-speed online-offline integration. In order to better promote digital transformation and proactively adapt to the era of information fragmentation, the Company has attracted the attention of more public domain traffic users while serving private domain traffic users well.

The Company has realised the integration of hardware and software for an intelligent ecosystem through the operation of a number of digital management platforms:

QMS system: Initiating the era of intelligent manufacturing and management, supporting lean production with digital management, focusing on quality management throughout the life cycle of products, emphasising on process control in each link, and committing to reducing the defective rate of products, improving the straight-through rate, and realising intelligent manufacturing.

SRM system: Enabling online management and data analysis for all supplier-related business.

MES system: Enabling real-time view of suppliers' manufacturing processes, integrated with a series of modern information systems such as WMS warehouse management system, and achieving data interoperability with the Company's internal quality management system, research and development management system, and bidding management system.

SharkNinja-APAC Regions (Excluding Chinese Mainland)

SharkNinja APAC segment recorded strong growth of revenue from APAC regions excluding Chinese Mainland in 2023 with revenue from third party customers of US$151.7 million compared to the prior year of US$63.9 million. The year-on-year growth of 137.4% was mainly attributable to the continued market shares gain of Shark vacuum products in Japan market with revenue of US$91.1 million (2022: US$63.9 million), which grew by 42.6% and would have increased by 51.1% under constant currency. In addition, the Group has entered new markets through strategic acquisition, including Australia, New Zealand, Singapore and Malaysia. These new markets brought incremental revenue of US$47.9 million in 2023 and such expansion also helped the diversification of product lines featuring air fryers, indoor grills, blenders, multi-cookers and ice cream makers. Additional revenue of US$12.7 million (2022: nil) was also generated by South Korea market through selling products to a local distributor during the year.

Japan

Shark brand in Japan market accelerates its momentum in the cordless vacuum category, with annual retail point-of-sales growth of 56% in 2023 compared to 2022, while the overall category declined by 2%. This resulted in an increased value share in the cordless vacuum category to 16.7%, up 480 basis points comparing with 2022.

The growth was driven by innovation tailored to consumer preferences, featuring lightweight and smart cordless vacuums which deliver leading cleaning performance. The introduction of CleanSense iQ in June 2023, Shark's new performance flagship cordless stick, and the EVOPOWER System Neo in September 2023, Shark's most lightweight but powerful cordless stick, led to a tangible increase in in-store presence, highlighting our commitment to lead innovation in this category.

Australia and New Zealand

Since our acquisition of the Mann & Noble entities in Australia and New Zealand, our business has seen a year-on-year growth of 97%* during the period from Q2 to Q4 in 2023. The top 3 categories for our business – cordless vacuum, hair care appliance (“**FlexStyle**”) and ice-cream maker (“**Creami**”) are all brand new categories that were launched post acquisition.

Our cordless category saw the launch of *Detect Pro* that brings 4 new technologies to our consumer (including Auto Empty Dock) and *Stratos* (the best pet hair cordless product in the market). Launch of FlexStyle saw us gain extra 8% share** of the hair care appliance category. This new category has grown to become the largest category for SharkNinja in Australia and New Zealand.

The growth of Ninja brand was driven by Creami, that has not only established a category of ice-cream makers, it is now the largest category within Ninja.

* *Net Sales from Shark Ninja Pty Ltd to Retailers*

** *Source: Share gains defined as Value Share as per GFK in Dec ’23 compared to Dec’22*

FINANCIAL REVIEW

Overall performance

Following the Spin-off and separate listing of the SharkNinja Group on the New York Stock Exchange on July 31, 2023, the SharkNinja business units which distributes its products in North America, Europe and other non-Asia Pacific markets ("**SharkNinja Non-APAC business**") was classified as a discontinued operation while the existing business of the Group including Joyoung segment and the business of SharkNinja products selling in Asia Pacific Region ("**SharkNinja APAC segment**") would be the continuing operations.

During the Reporting Period, the total revenue of the Group from continuing operations was US$1,428.7 million, representing a year-on-year decrease of 3.2%. Gross profit was US$486.6 million, representing a year-on-year decrease of 9.3%. Gross profit margin was 34.1%, decreased by 2.3 percentage points as compared to 36.4% year-on-year. Profit from continuing operations for the Reporting Period decreased by 37.0% year-on-year to approximately US$70.3 million. Profit attributable to owners of the parent decreased by approximately 39.5% year-on-year to approximately US$51.9 million. EBITDA[1] for the Reporting Period dropped by 31.1% year-on-year to approximately US$116.5 million, and adjusted EBITDA[2] for the Reporting Period decreased by 56.6% year-on-year to approximately US$83.9 million. Adjusted net profit[3] for the Reporting Period decreased by 72.2% year-on-year to approximately US$37.7 million.

From both the continuing and discontinued operation, profit for the Reporting Period decreased by 58.1% year-on-year to approximately US$150.0 million. Profit attributable to owners of the parent decreased by approximately 60.4% to US$131.7 million. EBITDA[1] for the Reporting Period dropped by 47.4% year-on-year to approximately US$328.7 million, and adjusted EBITDA[2] for the Reporting Period decreased by 41.0% to approximately US$397.1 million. Adjusted net profit[3] for the Reporting Period decreased by 46.0% year-on-year to approximately US$229.8 million.

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

[2] For a reconciliation of EBITDA for the Reporting Period to adjusted EBITDA as defined, see "– Non-IFRS Measures" below.

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

Revenue

For the Reporting Period, the Group from continuing operations recorded a total revenue of US$1,428.7 million (2022: US$1,475.5 million), representing a year-on-year decrease of 3.2%.

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

	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	**%**	Amount	%
	(in US$ million, except percentages)			
Joyoung segment	**1,053.1**	**73.7**	1,325.3	89.8
SharkNinja APAC segment	**151.7**	**10.6**	63.9	4.3
Total sales to third party customers	**1,204.8**	**84.3**	1,389.2	94.1
Joyoung segment	**137.0**	**9.6**	–	–
SharkNinja APAC segment	**86.9**	**6.1**	86.3	5.9
Total revenue with related parties	**223.9**	**15.7**	86.3	5.9
Total revenue	**1,428.7**	**100.0**	1,475.5	100.0

The Joyoung segment represents the Group's Joyoung business unit, which focuses on kitchen and cleaning appliances. The SharkNinja APAC segment represents the Group's SharkNinja business unit, which distributes its products in Japan, Australia and New Zealand, and other Asia Pacific markets and is primarily focused on cleaning appliances and kitchen appliances.

For the year ended December 31, 2023, revenue from third party customers of the Joyoung segment amounted to US$1,053.1 million (2022: US$1,325.3 million), dropping by approximately 20.5% year-on-year and accounting for approximately 73.7% of the total revenue of the Group. On a constant currency basis, the revenue of the Joyoung segment would have decreased by 16.6%. During the Reporting Period, revenue from third party customers of the SharkNinja APAC segment was US$151.7 million (2022: US$63.9 million), growing by approximately 137.4% year-on-year and accounting for approximately 10.6% of the total revenue of the Group. On a constant currency basis, the revenue from third party customers of the SharkNinja APAC segment would have increased by 144.9%.

The revenue from third party customers of Joyoung segment declined, which was primarily due to the softness in demand for most of the kitchen appliances as a result of fierce competition and persistent challenge in Chinese Mainland market.

The SharkNinja APAC segment's ability to accelerate revenue growth from third party customers was attributable to successful innovation in the cordless vacuum category in Japan market and the smooth transition of our strategic acquisitions which enabled us to immediately broaden our geographical and category footprint as demonstrated by Australia which launches across cordless vacuum, hair care appliance and ice cream makers.

The revenue with related parties under Joyoung segment represents the Joyoung Group being engaged by SharkNinja Non-APAC business after the Spin-off for the manufacturing or procuring OEM suppliers to manufacture certain SharkNinja products of cooking appliances, food preparation appliances and floorcare appliances starting from July 31, 2023. For more details, please refer to the announcement of the Company dated July 31, 2023 and the circular of the Company dated September 18, 2023.

The revenue with related parties under SharkNinja APAC segment represents one of the sourcing offices within the Group, which provided sourcing services to SharkNinja Non-APAC business for production and manufacturing of SharkNinja products. The revenue from such sourcing arrangement was made up of the mark-up fee on the procurement amounts charged by OEM suppliers, less direct expenses by providing such sourcing service. Upon completion of the Spin-off, the Group has continued to provide value-added sourcing services to the SharkNinja non-APAC business over a transitional period and charge certain service fee rate on the procurement amount. For more details, please refer to the announcement of the Company dated July 31, 2023 and the circular of the Company dated September 18, 2023.

The following table sets forth the breakdown of the Group's sales to third party customers from continuing operations by brand:

	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	**%**	Amount	%
	(in US$ million, except percentages)			
Joyoung	**1,043.5**	**86.6**	1,317.0	94.8
Shark	**117.3**	**9.7**	72.2	5.2
Ninja	**44.0**	**3.7**	–	–
Total sales to third party customers	**1,204.8**	**100.0**	1,389.2	100.0

During the Reporting Period, total revenue generated by the Joyoung brand was approximately US$1,043.5 million (2022: US$1,317.0 million), representing a year-on-year decrease of approximately 20.8%. The decrease was mainly due to the continued soft demand in Chinese Mainland market and fierce competition within the products.

During the Reporting Period, total revenue generated by the Shark brand was approximately US$117.3 million (2022: US$72.2 million), representing a year-on-year increase of approximately 62.5%. Such growth was attributable to continued innovations of cordless vacuum designed for APAC markets and our launch into the hair care appliances category. The combination of winning in existing categories and strategic entry into new and adjacent categories highlights the brand's commitment to innovation and market responsiveness.

During the Reporting Period, total revenue generated by the Ninja brand was approximately US$44.0 million (2022: Nil). This was driven by the strategic acquisition, enabling direct market entry across kitchen appliances. This expansion includes a broad and diverse portfolio across air fryers, indoor and outdoor grills, blenders, multi-cookers and ice cream makers.

The following table sets forth the breakdown of the Group's sales to third party customers from continuing operations by geography:

	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	**%**	Amount	%
	(in US$ million, except percentages)			
Chinese Mainland	**1,037.6**	**86.1**	1,307.2	94.1
Japan	**91.8**	**7.6**	63.9	4.6
Australia and New Zealand	**43.8**	**3.7**	–	–
Other markets	**31.6**	**2.6**	18.1	1.3
Total sales to third party customers	**1,204.8**	**100.0**	1,389.2	100.0

During the Reporting Period, total revenue generated from Chinese Mainland was approximately US$1,037.6 million (2022: US$1,307.2 million), representing year-on-year drop of 20.6%. The decrease in revenue was caused by overall softness in demand and fierce competition within the product categories that we sell in.

During the Reporting Period, total revenue generated from Japan was approximately US$91.8 million (2022: US$63.9 million), representing a year-on-year growth of approximately 43.7%. The increase in revenue was driven by "designed for Japan" cordless vacuum innovations, featuring lightweight, powerful and smart vacuums tailored to the Japanese household. On a constant currency basis, revenue would have increased by 51.1%.

During the Reporting Period, total revenue generated from Australia and New Zealand was approximately US$43.8 million (2022: Nil). The sales in these countries was driven by the strategic acquisition, as well as accelerating our brands' awareness through new product launches fueled by strong marketing campaigns.

During the Reporting Period, total revenue generated from other markets was approximately US$31.6 million (2022: US$18.1 million), representing a year-on-year increase of 74.6%, primarily resulted from new market entry into Singapore, Malaysia and South Korea during the Reporting Period.

The following table sets forth the breakdown of the Group's sales to third party customers from continuing operations by product category:

	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	*%*	Amount	*%*
	(in US$ million, except percentages)			
Cooking appliances	**570.2**	**47.3**	684.4	49.3
Food preparation appliances	**354.3**	**29.4**	422.8	30.4
Cleaning appliances	**117.4**	**9.8**	72.2	5.2
Others	**162.9**	**13.5**	209.8	15.1
Total sales to third party customers	**1,204.8**	**100.0**	1,389.2	100.0

Cooking appliances include rice cookers, pressure cookers, induction cookers, air fryers, 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.

Cleaning appliances include upright vacuums, cordless and corded stick vacuums and other floor care products. Others product category includes small household appliances, such as water purifiers, water heaters, thermos and hair-dryer.

During the Reporting Period, cooking appliances was the Group's largest product category, with revenue contribution of 47.3% for the Reporting Period. The cooking category declined by 16.7% year-on-year to US$570.2 million. The decline in cooking appliance revenue was mainly due to the softening demand within the Chinese Mainland market of air fryers and other cooking appliances during the year, partially offset by incremental revenue from new market entry of SharkNinja cooking appliances.

During the Reporting Period, food preparation appliances recorded revenue decrease of 16.2%, with the revenue of US$354.3 million. The decline was primarily due to the softness in the demand in Chinese Mainland market, especially high-performance blenders, partially offset by entry in other markets of SharkNinja products.

The cleaning category grew by 62.6% year-on-year to US$117.4 million during the Reporting Period which was mainly driven by continued market share gains in Japan and entry in other markets.

During the Reporting Period, others product category recorded a year-on-year decrease of 22.4% to approximately US$162.9 million, as a result of softness in demand for water purifier and cookware in Chinese Mainland market, partially offset by incremental revenue from the hair styler launch across APAC markets.

OTHER FINANCIAL INFORMATION

Cost of sales

For the year ended December 31, 2023, the cost of sales of the Group from continuing operations was approximately US$942.1 million (2022: US$939.1 million), representing a year-on-year increase of approximately 0.3%. The total cost of sales included the cost of sales on revenue with related parties with approximate amount of US$129.1 million (2022: nil). By excluding such amount, the cost of sales on sales to third party customers of the Group from continuing operations for the Reporting Period was approximately US$813.0 million (2022: US$939.1 million), representing a year-on-year decrease of approximately 13.4%. Such decrease was primarily attributable to decrease in sales to third party customers from the Joyoung segment.

The following table sets forth the breakdown of the cost of sales on sales to third party customers of the Group from continuing operations by business segment:

	For the year ended December 31,			
	2023		2022 (restated)	
	Amount	**%**	Amount	%
	(in US$ million, except percentages)			
Joyoung segment	**725.3**	**89.2**	900.5	95.9
SharkNinja APAC segment	**87.7**	**10.8**	38.6	4.1
Total cost of sales on sales to third party customers	**813.0**	**100.0**	939.1	100.0

For the year ended December 31, 2023, the Joyoung segment recorded a total cost of sales on sales to third party customers of approximately US$725.3 million (2022: US$900.5 million), representing a year-on-year decrease of approximately 19.5%. The decrease was primarily in line with the decrease in sales of products.

For the year ended December 31, 2023, the SharkNinja APAC segment recorded a total cost of sales on sales to third party customers of approximately US$87.7 million (2022: US$38.6 million), representing a year-on-year increase of approximately 127.2%. The increase was primarily attributable to higher sales across markets.

Gross profit

For the year ended December 31, 2023, the gross profit of the Group from continuing operations was approximately US$486.6 million (2022: approximately US$536.4 million), representing a year-on-year decrease of approximately 9.3%. The gross profit margin from continuing operations for the Reporting Period was 34.1%, representing a decrease of 2.3 percentage points from 36.4% for the year ended December 31, 2022.

By excluding the gross profit with related parties, the gross profit of the Group on sales to third party customers for the Reporting Period was approximately US$391.8 million (2022: approximately US$450.1 million), representing a year-on-year decrease of approximately 13.0%. The gross profit margin on sales to third party customers for the Reporting Period was 32.5%, representing an increase of 0.1 percentage point from 32.4% for the year ended December 31, 2022, primarily attributable to improvement in the gross margin from SharkNinja APAC segment resulted from portfolio premiumization in Japan and the strategic acquisition where we have structurally higher margin by selling directly to retailers and consumers but partially offset by relatively lower gross margin from Joyoung segment comparing with prior year.

	For the year ended December 31,			
	2023		2022 (restated)	
	Gross Profit	**Gross Margin %**	Gross Profit	Gross Margin %
	(in US$ million, except percentages)			
Joyoung segment	**327.8**	**31.1**	424.8	32.1
SharkNinja APAC segment	**64.0**	**42.2**	25.3	39.6
Total gross profit on sales to third party customers	**391.8**	**32.5**	450.1	32.4

The gross profit margin from sales to third party customers of Joyoung segment decreased from 32.1% for the year ended December 31, 2022 to 31.1% for the Reporting Period, mainly due to increase in the promoted sales of products and unfavorable product mix which proportion of products with relatively higher gross margin decreased comparing with the prior year, partially offset by decrease in average cost of raw materials during the year.

The gross profit from sales to third party customers of SharkNinja APAC segment for the Reporting Period increased by 153.0%, and its gross profit margin increased from 39.6% for the year ended December 31, 2022 to 42.2% for the Reporting Period. The increase in gross profit margin was benefited from portfolio premiumization in Japan and the strategic acquisition where we have structurally higher margin by selling directly to retailers and consumers.

Other income and gains

Other income and gains of the Group from continuing operations 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; (iv) net rental income from investment property operating leases; (v) foreign exchange differences, net; (vi) gain on disposal of items of property, plant and equipment and (vii) gain on disposal of associates.

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

	For the year ended December 31,	
	2023	2022
		(restated)
	(in US$ million)	
Other income		
Bank interest income	**6.2**	6.3
Net rental income from investment property operating leases	**1.6**	2.8
Government grants	**9.9**	14.8
Others	**6.7**	2.9
Subtotal	**24.4**	26.8
Gains		
Foreign exchange differences, net	**7.5**	11.8
Gain/(loss) on financial assets at fair value through profit or loss, net	**46.3**	(17.5)
Gain on disposal of items of property, plant and equipment	**0.3**	–
Gain on disposal of associates, net	**15.3**	–
Others	**0.7**	0.2
Subtotal	**70.1**	(5.5)

For the year ended December 31, 2023, other income and gains of the Group from continuing operations was approximately US$94.5 million (2022: US$21.3 million), representing a year-on-year increase of approximately 343.7%. The increase was primarily due to significant increase in net gain on financial assets at fair value through profit or loss while net loss on financial assets at fair value through profit or loss noted in the prior year. In addition, there was net gain on disposal of associates during the year while no such gain in prior year.

Selling and distribution expenses

Selling and distribution expenses of the Group from continuing operations primarily consist of (i) trade marketing expenses in relation to marketing and branding expenses primarily at sales channel; (ii) advertising expenses; (iii) staff cost in relation to sales and distribution staff; (iv) warehousing and transportation expenses for sales of products; (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 from continuing operations:

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Trade marketing expenses	**110.7**	135.9
Advertising expenses	**55.0**	38.4
Staff cost	**48.3**	48.4
Warehousing and transportation expenses	**15.9**	11.5
Business development expenses	**8.3**	7.8
Office expenses and others	**18.1**	21.5
Total	**256.3**	263.5

The Group's selling and distribution expenses from continuing operations decreased by approximately 2.7% year-on-year from approximately US$263.5 million for the year ended December 31, 2022 to approximately US$256.3 million for the Reporting Period, which was mainly due to a reduction of trade marketing expenses in Chinese Mainland market, partially offset by additional investment in advertising for Asia Pacific markets.

Administrative expenses

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

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

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Staff cost	**143.0**	85.0
Office expenses	**22.6**	15.3
Professional service fees	**15.1**	4.5
Depreciation and amortization	**7.8**	8.0
Other	**27.5**	28.6
Total	**216.0**	141.4

The Group's administrative expenses from continuing operations increased by approximately 52.8% year-on-year from approximately US$141.4 million for the year ended December 31, 2022 to approximately US$216.0 million for the Reporting Period. The increase was primarily attributable to significant increase in stock-based compensation, and also special professional service fee and bonus incurred for the Spin-off project during the year while no such expenses noted in the prior year.

Other expenses

Other expenses of the Group from continuing operations primarily consist of (i) impairment of prepayments and other assets and (ii) other expenses.

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

	For the year ended December 31,	
	2023	2022
		(restated)
	(in US$ million)	
Impairment of prepayments and other assets	**1.9**	4.0
Others	**0.9**	(2.1)
Total	**2.8**	1.9

The Group's other expenses from continuing operations increased by approximately 47.4% year-on-year from approximately US$1.9 million for the year ended December 31, 2022 to approximately US$2.8 million for the Reporting Period. The increase was primarily because prior year's amount included one-off income from adjustments on intercompany charges between the continuing operations and the discontinued operation, while no such income noted for the Reporting Period.

Finance costs

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

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

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Interest on bank loans	**13.4**	15.1
Amortization of deferred finance costs	**6.1**	2.8
Interest on lease liabilities	**0.3**	0.5
Other finance costs[4]	**0.1**	0.4
Total	**19.9**	18.8

Finance costs of the Group from continuing operations increased by approximately 5.9% year-on-year from approximately US$18.8 million for the year ended December 31, 2022 to approximately US$19.9 million for the Reporting Period. The increase was primarily due to accelerated in amortization of deferred finance cost after repayment of bank loans during the Reporting Period, partially offset by decrease in bank loan interest.

[4] Other finance costs primarily include transaction fees for bill discounting.

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% (2022: 25%) on their respective taxable income. During the year, three (2022: four) 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.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime.

Income tax expense of the Group from continuing operations decreased by approximately 42.1% year-on-year from approximately US$25.2 million for the year ended December 31, 2022 to approximately US$14.6 million for the Reporting Period. The decrease was primarily attributable to the decrease of profit before tax from continuing operations during the Reporting Period.

Net profit

As a result of the foregoing reasons, net profit from continuing operations decreased by approximately 37.0% from approximately US$111.5 million for the year ended December 31, 2022 to approximately US$70.3 million for the Reporting Period. Net profit from both continuing and discontinued operation decreased by approximately 58.1% from US$357.5 million for the year ended December 31, 2022 to approximately US$150.0 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.

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

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Profit for the year	**70.3**	111.5
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	***(32.6)***	*24.2*
Stock-based compensation	**55.1**	6.7
Special professional service fee and bonus related to Spin-off project	**12.8**	–
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(15.6)**	–
(Gain)/loss on financial assets at fair value through profit or loss, net	**(46.3)**	17.5
Sourcing service income[5]	**(40.3)**	–
Product development and transitional service expenses[6]	**1.7**	–
Adjusted net profit	**37.7**	135.7
Attributable to:		
Owners of the parent	**22.5**	104.1
Non-controlling interests	**15.2**	31.6
	37.7	135.7

5 The sourcing service income represented the fee charged by the continuing operations on value-added sourcing services provided to SharkNinja non-APAC business over a transitional period after the Spin-off (from 31 July 2023 to 30 June 2025). For more details, please refer to the announcement of the Company dated July 31, 2023 and the circular of the Company dated September 18, 2023.

6 Such expenses represented the transition service provided by SharkNinja non-APAC business to the continuing operations after the Spin-off, including developing market tailored products for Asia Pacific regions for a term of three years (from 31 July 2023 to 31 July 2026) and providing certain transition services, including various information technology and back-office services as well as limited and shorter-term front-office services, for a term of two years (from 31 July 2023 to 31 July 2025). For more details, please refer to the announcement of the Company dated July 31, 2023.

	For the year ended December 31,	
	2023	2022 (restated)
	(in US$ million)	
Profit before tax	**84.8**	136.7
Add:		
Finance cost	**19.9**	18.8
Depreciation and amortization	**18.0**	19.9
Bank interest income	**(6.2)**	(6.3)
EBITDA	**116.5**	169.1
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	***(32.6)***	*24.2*
Stock-based compensation	**55.1**	6.7
Special professional service fee and bonus related to Spin-off project	**12.8**	–
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(15.6)**	–
(Gain)/loss on financial assets at fair value through profit or loss, net	**(46.3)**	17.5
Sourcing service income[7]	**(40.3)**	–
Product development and transitional service expenses[8]	**1.7**	–
Adjusted EBITDA	**83.9**	193.3

[7] The sourcing service income represented the fee charged by the continuing operations on value-added sourcing services provided to SharkNinja non-APAC business over a transitional period after the Spin-off (from 31 July 2023 to 30 June 2025). For more details, please refer to the announcement of the Company dated July 31, 2023 and the circular of the Company dated September 18, 2023.

[8] Such expenses represented the transition service provided by SharkNinja non-APAC business to the continuing operations after the Spin-off, including developing market tailored products for Asia Pacific regions for a term of three years (from 31 July 2023 to 31 July 2026) and providing certain transition services, including various information technology and back-office services as well as limited and shorter-term front-office services, a term of two years (from 31 July 2023 to 31 July 2025). For more details, please refer to the announcement of the Company dated July 31, 2023.

The following table shows the Group's adjusted net profit, EBITDA and adjusted EBITDA from both continuing and discontinued operations:

	For the year ended December 31,	
	2023	2022
	(in US$ million)	
Profit for the year	**150.0**	357.5
Add:		
Items arising from acquisition and relating to the Reorganization	***11.4***	*19.6*
Amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja	**11.4**	19.6
Non-recurring items and items not related to the Company's ordinary course of business	***68.4***	*48.5*
Stock-based compensation[9]	**58.2**	19.1
Special professional service fee and bonus related to Spin-off project	**85.8**	–
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(13.9)**	–
(Gain)/loss on financial assets at fair value through profit or loss, net	**(46.3)**	18.1
Loss/(gain) on fair value change from derivative financial instruments	**23.2**	(22.7)
Sourcing service income[10]	**(40.3)**	–
Product development and transitional service expenses[11]	**1.7**	–
One-off bonus	**–**	34.0
Adjusted net profit	**229.8**	425.6
Attributable to:		
Owners of the parent	**214.7**	393.8
Non-controlling interests	**15.1**	31.8
	229.8	425.6

9 The amount in 2022 included stock-based compensation of US$12.2 million and an one-off adjustment of US$6.9 million on employee receivables related to stock-based compensation.

10 The sourcing service income represented the fee charged by the continuing operations on value-added sourcing services provided to SharkNinja non-APAC business over a transitional period after the Spin-off (from 31 July 2023 to 30 June 2025). For more details, please refer to the announcement of the Company dated July 31, 2023 and the circular of the Company dated September 18, 2023.

11 Such expenses represented the transition service provided by SharkNinja non-APAC business to the continuing operations after the Spin-off, including developing market tailored products for Asia Pacific regions for a term of three years (from 31 July 2023 to 31 July 2026) and providing certain transition services, including various information technology and back-office services as well as limited and shorter-term front-office services, for a term of two years (from 31 July 2023 to 31 July 2025). For more details, please refer to the announcement of the Company dated July 31, 2023.

	For the year ended December 31, **2023**	2022
	(in US$ million)	
Profit before tax	**210.8**	456.7
Add:		
Finance cost	**41.3**	47.4
Depreciation and amortization	**86.1**	128.0
Bank interest income	**(9.5)**	(7.6)
EBITDA	**328.7**	624.5
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	***68.4***	*48.5*
Stock-based compensation[12]	**58.2**	19.1
Special professional service fee and bonus related to Spin-off project	**85.8**	–
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**(13.9)**	–
(Gain)/loss on financial assets at fair value through profit or loss, net	**(46.3)**	18.1
Loss/(gain) on fair value change from derivative financial instruments	**23.2**	(22.7)
Sourcing service income[13]	**(40.3)**	–
Product development and transitional service expenses[14]	**1.7**	–
One-off bonus	**–**	34.0
Adjusted EBITDA	**397.1**	673.0

12 The amount in 2022 included stock-based compensation of US$12.2 million and an one-off adjustment of US$6.9 million on employee receivables related to stock-based compensation.

13 The sourcing service income represented the fee charged by the continuing operations on value-added sourcing services provided to SharkNinja non-APAC business over a transitional period after the Spin-off (from 31 July 2023 to 30 June 2025). For more details, please refer to the announcement of the Company dated July 31, 2023 and the circular of the Company dated September 18, 2023.

14 Such expenses represented the transition service provided by SharkNinja non-APAC business to the continuing operations after the Spin-off, including developing market tailored products for Asia Pacific regions for a term of three years (from 31 July 2023 to 31 July 2026) and providing certain transition services, including various information technology and back-office services as well as limited and shorter-term front-office services, for a term of two years (from 31 July 2023 to 31 July 2025). For more details, please refer to the announcement of the Company dated July 31, 2023.

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) special professional service fee and bonus related to spin-off project, (iv) gain or loss on disposal of property, plant and equipment, investment property, associates and subsidiaries, (v) gain or loss on financial assets at fair value through profit or loss, net, (vi) loss or gain on fair value change from derivative financial instruments, (vii) sourcing service income, (viii) product development and transitional service expenses and (ix) certain non-recurring bonuses 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.

Liquidity and financial resources

Inventory

The Group's inventory decreased by 81.4% from approximately US$646.3 million as of December 31, 2022 to approximately US$120.1 million as of December 31, 2023. Such decrease was mainly due to exclusion of inventory balance of the discontinued operation at the end of the Reporting Period. Inventory turnover days[15] decreased from 69 days in 2022 to 51 days in 2023.

[15] 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. It was calculated based on the inventories from continuing operations as of December 31, 2022.

Trade and bills receivables

The Group's trade receivables decreased by 67.0% from approximately US$1,198.0 million as of December 31, 2022 to approximately US$395.8 million as of December 31, 2023. The decrease was mainly due to exclusion of trade receivables of the discontinued operation at the end of the Reporting Period. Trade receivables turnover days[16] decreased from 131 days in 2022 to 93 days in 2023.

Trade and bills payables

The Group's trade payables decreased by 31.3% from approximately US$687.5 million as of December 31, 2022 to approximately US$472.4 million as of December 31, 2023. Trade payables turnover days[17] decreased from 260 days in 2022 to 202 days in 2023.

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 December 31, 2023, the Group had cash and cash equivalents of approximately US$319.8 million as compared to US$504.1 million as of December 31, 2022. The cash and cash equivalents of the Group are mainly denominated in HK$, RMB and US$.

As of December 31, 2023, the Group did not have any borrowings as all interest-bearing bank borrowings as at December 31, 2022 were repaid during the year.

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16 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. It was calculated based on the trade and bills receivables from continuing operations as of December 31, 2022.

17 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. It was calculated based on the trade and bills payables from continuing operations as of December 31, 2022.

Gearing ratio

As of December 31, 2023, the Group's gearing ratio (calculated as the total debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity) was 0.8%, as compared with 45.6% as of December 31, 2022. The decrease was primarily attributable to repayment of all 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 December 31, 2023, no any equity interests of the Group's subsidiaries nor any deposits had been pledged to secure the Group's borrowings.

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 from continuing operations amounted to approximately US$10.4 million (2022 (restated): US$18.2 million).

Contingent liabilities

As of December 31, 2023, the Group did not have any significant contingent liabilities.

Capital Commitments

The Group had the following capital commitments at the end of the Reporting Period:

	2023	2022
	US$'000	*US$'000*
Contracted, but not provided for:		
Property, plant and equipment	**–**	27,396
Business combination	**17,783**	–
Intangible assets	**–**	2,888
	17,783	30,284

As at December 31, 2022, the commitments contracted but not provided are all attributable to the discontinued operation.

PROSPECT & STRATEGY

Growth Strategies

The Group is committed to achieving sustainable growth in continuing operations through the following strategies:

- develop and commercialize innovative small home appliance products, combining powerful technology with appealing designs;
- Develop localized products for different markets through in-depth consumer insights;
- Drive growth through sales network and product category expansion;
- Increase consumer interaction through creative marketing campaigns to enhance brand awareness and brand influence of Joyoung and SharkNinja;
- Enter new markets with flexibility through direct operations or regional distributor partnerships;
- Maximize synergies between the Joyoung and SharkNinja APAC segment; and
- pursue potential strategic partnerships and acquisitions.

As far as Joyoung segment is concerned, in recent years, the Chinese government has launched policies and guidelines to support the upgrading and development of the household appliance industry, encourage the replacement of traditional consumer goods represented by household appliances with new ones, and promote the consumption of household appliances from the perspective of recycling economy. All these efforts signify the great importance Chinese Mainland attaches to and the proactive guidance it provides for the household appliance consumer market, with the aim of boosting domestic demand and promoting the high-quality development of the household appliance industry through a variety of effective measures.

As a leading brand in the domestic small household appliance industry in Chinese Mainland, the Company will continue to focus on its principal business of small household appliances, and will concentrate on users' needs to promote the retail-oriented high-quality development. Amidst the fast-changing and uncertain environment, the management of the Company will embrace change and employ a variety of new approaches and methods to cope with the complicated and severe changes. At the same time, the management of the Company will venture to capture development opportunities in new categories, new channels and new fields, and actively bring into play its core competitiveness in more proactive market insights, product research and development, and marketing capabilities, in order to tap into the market space with greater demand and potential, and thus achieve sustainable leadership in industry development.

The Joyoung segment will continue to expand and strengthen the brand asset value of "Home Kitchen", "Charity Kitchen" and "Space Kitchen", with a firm determination to further develop the product lines of small kitchen appliances, water appliances, cleaning appliances, personal care appliances and cookware, seek to maximize the synergy of Joyoung brand and Shark brand, actively respond to the changing market environment, continue to develop the advantages of insight into consumer needs and prompt actions to meet their needs, and devote all-round efforts to explore new sales channels driven by retail sales, remaining committed to building the Company into a leader of high-quality small household appliance with a full spectrum of products.

As far as the SharkNinja APAC segment is concerned, we will focus on the development and expansion of business in the region of Asia Pacific (except Chinese Mainland). According to the latest data, the APAC markets (excluding Chinese Mainland) comprises about 40% of the world's population with around 870 million households. SharkNinja APAC segment will strategically focus on the top 25 cities in APAC region, selling quality innovative small home appliances to approximately 75 million households.

The growth strategy for the SharkNinja APAC segment focuses on three dimensions, namely the growth of existing categories, the launch of new categories and the expansion to new markets:

- Growth of existing categories: we will strive to succeed in core categories, such as in the categories of cordless vacuums and high speed blender, we will continue to introduce new products to capture consumer attention.

- Launch of new categories: we will continue to introduce product categories that have proven successful in other markets in existing markets.

- Expansion to new markets: we are committed to exploring other potential markets in the Asia Pacific region to provide customers with Shark and Ninja-branded products.

The mission of SharkNinja APAC segment is to positively impact people's living quaities in every home in APAC. Our strategy is rooted in deep consumer understanding to enable us to provide the tailored and cost-effective product offerings at optimal value.

Within existing categories, we strive to deliver innovative products that directly address the distinct needs and preferences of APAC customers further driving market share in existing markets. In Japan, for instance, we have specifically designed lightweight cordless vacuums products for Japanese customers, and we are the market leader in key areas that matter most to our consumers, including product performance, weight and noise levels. In addition, we launch new products more frequently than most of our competitors in the market.

Our growth strategy also encompasses expansion into adjacent categories where we have identified strong potential for success. During the Reporting Period, we make our foray into the personal care category with the introduction of hair care products in APAC region. The launch of these categories exemplifies our commitment to diversifying our portfolio and leveraging our technological expertise to provide superior solutions in new categories. In the future, we will endeavor to bring more product categories to different markets in the APAC region to enrich the product portfolio in each market.

Expanding our geographic footprint is another integral aspect of our growth strategy. As such, we are proactively assessing uncharted markets across the APAC region and developing tailored go-to-market strategies that will enable successful launches in these countries. For new countries and regions, we will actively promote our brand image and consumer awareness, and increase product trial rates.

Our growth strategy is focusing on meeting the needs of our consumers, winning in core categories, and identifying opportunities for expansion, both in terms of product categories and geographical markets. We believe this three-pronged approach will drive sustainable growth of SharkNinja APAC segment.

We will pay continuous attention to and explore ever-changing needs of consumers. Relying on the R&D platform of Joyoung segment and SharkNinja Group, we will continue to launch innovative products suitable for local areas through customized product solutions by the Asia-Pacific R&D team. We will also create winning products and diversified product matrix leveraging our strong marketing and media communication capabilities and omni-channel sales network.

Global Macroeconomic Factors

In 2023, continuous volatility in energy prices and geopolitical tensions in some regions have exacerbated global inflationary pressures, affecting consumers' spending on optional consumer products.

In 2023, we navigated concerns about an economic recession and consumption downgrade in some of the markets that we operate in. Consumers were more focused on buying products during promotional periods rather than when products are sold at full price or less discount particularly in Chinese Mainland where consumers have become more price-sensitive to homogenized products. Nonetheless, overall economic performance in APAC was relatively solid, supported by a rapid recovery in the region's consumer markets and an accelerated digital transformation.

Looking ahead, the global macro-economy is expected to gradually recover from the current uncertainty, although the pace of recovery may vary from region to region. In particular, in the APAC region, the consumer market is expected to continue to expand as the impact of the epidemic fades, creating new growth opportunities for our industry. We believe consumer demand for our products will remain strong as we continue to introduce innovative products and invest in marketing campaigns in different markets.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2023, the Group had approximately 2,745 employees in total (as of December 31, 2022: 5,661), of which approximately 2,621 employees were with its China operation, and approximately 124 employees were with other countries or Asian regions operations. For the year ended December 31, 2023, the Group recognized staff costs of US$391.2 million (2022: US$452.1 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 announcement; and (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 announcement. As of December 31, 2023, the Company had granted an aggregate of 55,942,000 restricted stock units, of which and of which 16,238,172 and 16,362,340 restricted stock units were vested on April 6, 2023 and April 12, 2023 respectively, in accordance with the terms and conditions of the RSU Plan.

With the aim to further improving the corporate governance structure of Joyoung Co., Ltd. ("**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 share option incentive scheme of Joyoung (the "**Subsidiary Option Scheme**") and followed by the registration on Shenzhen Stock Exchange on June 1, 2021. 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. As of the date of this announcement, JY ESOP I held 9,150,000 shares of Joyoung in total, representing 1.19% of the total issued share capital of Joyoung. The number of shares to be issued to each eligible employee under Joyoung ESOP I will not exceed 1% of the total issued share capital of Joyoung.

BOARD COMMITTEES

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

AUDIT COMMITTEE

The Audit Committee, consisting of three independent non-executive Directors, namely Mr. Yuan DING (Chairman), Mr. YANG Xianxiang and Mr. SUN Zhe, has discussed with the external auditor of the Company, Ernst & Young, and reviewed the Group's consolidated financial information for the year ended December 31, 2023, including the accounting principles and practices adopted by the Group.

This annual results announcement is based on the consolidated financial statements of the Group for the year ended December 31, 2023 which have been agreed with the external auditor of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. During the Reporting Period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Listing Rules, 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 ("**Mr. WANG**") currently holds both positions.

After taking into consideration the factors below, the Board considers that vesting the roles of the Chairman and Chief Executive Officer in the same person, being Mr. WANG, is beneficial to the Group's business development and operational coordination between Joyoung and SharkNinja: Mr. WANG 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. Since the acquisition of SharkNinja, being the Global Chief Executive Officer of SharkNinja SPV (the holding company of SharkNinja) and currently also acting as chairperson of the board of directors of SharkNinja, Inc., he has always acted as the main point of communication between the corporate operation of Joyoung and SharkNinja. After completion of the distribution and the spin-off, the coordination among the Group, Joyoung and SharkNinja Group will still create an excellent exterior synergy effect. 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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, which applies to all Directors and relevant employees of the Company who are likely to possess inside information in relation to the Company or its securities due to his/her office or employment.

The Company has made specific enquiries with each Director, and each of them confirmed that he/she had complied with all required standards under the Model Code during the Reporting Period.

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

During the Reporting Period, the Company repurchased a total of 20,040,500 ordinary shares of par value US$0.00001 each in the share capital of the Company on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to HK$160,362,425. All the shares repurchased were subsequently cancelled on July 3, 2023. As at December 31, 2023, the total number of issued shares of the Company was 3,474,571,777.

Particulars of the share repurchase are as follows:

Date	**Number of Shares Repurchased**	**Purchase Price Per Share**		**Aggregate Consideration (before expenses)**
		Highest	**Lowest**	
		(HK$)	*(HK$)*	*(HK$)*
June 2023	20,040,500	8.34	7.76	160,362,425

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF ASSETS

Regarding a distribution in specie of all of the Company's shares held in SharkNinja Inc. to all the Company Shareholders on a pro-rata basis, the spin-off and distribution was duly passed as an ordinary resolution at the extraordinary general meeting held on June 26, 2023. The separate listing of SharkNinja Group was completed, and the dealing in its shares commenced on July 31, 2023 (New York time). Since then, the Company has no longer held any shares of SharkNinja Inc., and SharkNinja Inc. has fully demerged and deconsolidated from the Company. As such, the Group will derecognize the assets and liabilities of the SharkNinja Group from the consolidated statements of financial position. For more details, please refer to announcements of the Company dated February 23, June 6, June 28, July 3, July 14, July 31 and September 29, 2023, and the circular of the Company dated June 5, 2023 in relation to the spin-off and the distribution.

Save as disclosed above, the Group did not have any significant investments, and did not carry out any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

CONNECTED TRANSACTION OF TRANSFER OF PATENTS AND CONTINUING CONNECTED TRANSACTION OF GRANT OF BRAND LICENSING ENTERED INTO WITH JIUYANG BEAN INDUSTRY

On January 31, 2024, Joyoung and Hangzhou Joyoung Household Electric Appliances Limited (杭州九陽小家電有限公司) entered into the patent transfer agreement with Hangzhou Jiuyang Bean Industry Limited (杭州九陽豆業有限公司) ("**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 (the "**Brand Licensing Agreement**"), 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.

As of the date of the this announcement, Jiuyang Bean Industry was owned as to approximately 42.5% by Ningbo Meishan Free Trade Port Area Lihao Investment Limited (寧波梅山保稅港區力豪投資有限公司)("**Lihao Investment**"), 25.5% by Solar Blue (HK) Limited, 15% by Ningbo Meishan Free Trade Port Jiudouyuan Enterprise Management Partnership (Limited Partnership) (寧波梅山保稅港區九豆源企業管理合夥企業(有限合夥)) ("**Jiudouyuan Limited Partnership**") and 17% by Mr. Cai Xiujun ("**Mr. Cai**"), an independent third party, respectively. Jiudouyuan Limited Partnership was held as to approximately 53.5% by Mr. Cai. Lihao Investment was held as to 83.75% by Shanghai Hezhou Investment Co., Ltd., which was indirectly owned by Mr. Wang as to 61.85%.

Pursuant to the Brand Licensing Agreement, the Brand Licensing Agreement may be terminated:

(a) upon agreement by both parties before Jiuyang Bean Industry has settled the consideration under the agreement;

(b) as a result of force majeure or other objective reasons (other than both parties) which render it impossible for the parties to perform the contract before Jiuyang Bean Industry has settled the consideration under the agreement; or

(c) by the non-defaulting party by giving written notice in the event that the performance and completion of the Brand Licensing Agreement is rendered impossible by a material breach by either party or according to the applicable legal requirements.

The Company considers that the Brand Licensing Agreement with an indefinite term is fair and reasonable and in the interests of the Company and its shareholders considering the following factors:

(a) **Nature of the transactions:** the transaction relates to the grant of a license by Joyoung to Jiuyang Bean Industry in relation to the use of the brand name in Jiuyang Bean Industry's business and is generally of long term in nature for transactions of similar type. The perpetual duration of such agreements is normal business practice as advised by the independent financial adviser engaged in respect of the Brand Licensing Agreement;

(b) **Strong commercial reasons:** in order to focus on its core business, Joyoung has disposed of its interest in Jiuyang Bean Industry, which is principally engaged in the research and development, sales and production of soymilk powder and commercial soymilk makers. As Joyoung owns the registered brand with wordings of "Joyoung(九陽)", while Jiuyang Bean Industry owns the legal registered trademark with wordings of "Jiuyang Bean Industry(九陽豆業)" in China, which contains the word "Jiuyang/Joyoung(九陽)". In order to avoid potential legal disputes and taking into account the interests of the Company and Joyoung's shareholders as a whole, Joyoung and Jiuyang Bean Industry have entered into the Brand Licensing Agreement with a perpetual term after arm's length negotiation and with reference to the valuation of the independent valuer, and Jiuyang Bean Industry shall pay the license fee at market price. Furthermore, the perpetual term of the Brand Licensing Agreement can minimize disruption to the business operation of Joyoung and Jiuyang Bean Industry, and reduce subsequent administration costs;

(c) **Safeguard measure:** pursuant to the termination term of the Brand Licensing Agreement as described above, Joyoung will have the right to terminate the agreement if, among other things, Jiuyang Bean Industry is in material breach of the terms of the agreement; and

(d) **Administrative cost efficiency:** as the Brand Licensing Agreement constitutes a connected transaction under relevant rules of both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, any renewal or extension of the Brand Licensing Agreement is subject to approval by the board of the directors and/or the shareholders of Joyoung and the Company. The Company considers it to be more efficient in terms of administrative cost with a perpetual term of the Brand Licensing Agreement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**Annual General Meeting**") will be held on May 22, 2024. The notice of the Annual General Meeting will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsgloballife.com) and despatched to the shareholders of the Company who wish to receive a printed copy of the corporate communication in due course.

PAYMENT OF FINAL DIVIDEND

As the Group has just completed the significant strategic restructuring, the operating funds obtained are planned to be invested in developing the Asia-Pacific market. Therefore, the Board does not recommend the payment of a final dividend for the year ended December 31, 2023 (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from May 17, 2024 to May 22, 2024 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on May 16, 2024.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsgloballife.com). The annual report 2023 of the Company will be dispatched to the shareholders of the Company who wish to receive a printed copy of the corporate communication and published on the same websites in due course.

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

Hong Kong, March 28, 2024

As at the date of this announcement, the board of directors of the Company 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.