

Ticker: 002242

Stock Abbreviation: Joyoung

# Joyoung Co., Ltd.

## Abstract of the Semi-Annual Report 2021

### Section I Important Statements

This is an abstract of the Semi-Annual Report 2021. Investors are kindly reminded to read the complete version of Semi-annual Report 2021 on the website, which is designated by the China Securities Regulatory Commission to get complete information about operational results, financial statements, and future plans of the Company.

All directors attended the board meeting that reviewed the Semi-Annual Report.

#### Modified Audit Opinion

Applicable  N/A

**The preliminary plan for dividend distribution and converting capital reserves into share capital for common shareholders which were considered and approved by the Board**

Applicable  N/A

**The preliminary plan for dividend distribution for preferred shares in the reporting period was approved by the Board**

Applicable  N/A

### Section II Company Profile

#### 1. Company Information

Stock Abbreviation	Joyoung	Ticker	002242
Stock Exchange Where the Shares of the Company are Listed	Shenzhen Stock Exchange		
Contact Us	Board Secretary	Securities Representative	
Name	Xuning WANG (acting)	Minxin MIAO	
Address	No.760 Yin Hai Street, Qiantang New District, Hangzhou, Zhejiang Province	No.760 Yin Hai Street, Qiantang New District, Hangzhou, Zhejiang Province	
Tel.	0571-81639093	0571-81639178	
E-mail	002242@joyoung.com	002242@joyoung.com	

#### 2. Management's Discussion and Analysis

In the first half of this year, the gross domestic product (GDP) was 53.22 trillion yuan, up 12.7% year-on-year at comparable prices, with a two-year average growth of 5.3%. Under the strong leadership of the Party Central Committee and the government, the epidemic prevention and control, economic and social development have been coordinated, the domestic economy has continued to recover steadily, and new results have been achieved in high-quality development. However, the current global epidemic continues to evolve, the external environment is more complex and severe, the domestic economic recovery is still unstable and uneven, coupled with the rapid rise in international commodity prices this year, the business efficiency of enterprises was under greater pressure and impact.

### **Pioneer in R&D and Smart Products, with Focus on Mainstream Categories**

In the first half of the year, the company continued to focus on small household appliances and innovation in mainstream products and inelastic categories by being customer-centric and demand-oriented, and striving to maintain the stable development of gross margin of domestic sales.

The Joyoung brand is positioned in quality small appliances sector, focusing on the launch of the HarmonyOS IoT Hand-wash-free High Performance Blender Y521, Smart Charcoal Steel Rice Cooker F921, Crystal Diamond Rub-resistant Non-stick Wok, Rexiaojin RO Cold and Hot Water Purifier, etc.; The Shark brand is positioned in household cleaning sector, launched Vacmop V5, Steam Scrubber T21, etc., dedicated to meet people's pursuit of a better and quality life.

As a leading brand in the industry, the Company has been able to capture new market demands and react quickly through continuous technology and product innovation, efficient digital user communication and product implementation, and fast and accurate marketing strategies.

### **Brand Communication-Channel Integration**

The Company strives to achieve a comprehensive digital transformation, realizing cross-border operations in different fields such as social e-commerce, online live streaming, and new retail, so as to seamlessly connect brands, products, and users. As Z generation gradually became the mainstream consumer group in the new era, the Company's brand positioning and communication methods have become youthful, reaching the target group with proactive and precise full-chain communication to improve the conversion rate along the chain.

In the first half of the year, the Company continued to actively layout and expand new channels online and offline, coordinated the development of traditional e-commerce and content e-commerce, O2O new retail and lower tier markets, grasped the opportunity in live streaming that is on the rise, focused on developing emerging platforms such as Tiktok and Kuaishou, built one of the fastest powerful self-broadcast matrixes in the industry. Offline channel focused on end shops. The Company opened nearly 200 high-end Shopping Mall stores, and committed to building a more comprehensive, flexible and accurate O2O all-domain marketing operation system. The Company explored ways of operating in the high-cost, high-flow and high-value offline channels, and comprehensively enhanced the main consumers' awareness, loyalty, influence and purchase intention of the brand.

Relying on self-built digital center network, the Company gradually improved digital operation, actively adapted to the general trend of online and offline omnichannel development, explored the integration of online and offline development to the greatest extent, diluted and blurred the definition and division of traditional channels, built omnichannel development strategy, completed the closed loop of new retail O2O shopping experience such as content feed, offline experience, online order, nearby delivery, and door-to-door service, etc., drew consumers, users and fans closer together, and accumulated valuable big data for future digital economic value.

### **Lean into Blue Ocean while epidemic prevention and control normalized**

Although the COVID-19 epidemic is still spreading around the world, as the vaccination rate and personal protection awareness increases, the haze of the epidemic will eventually lift and all the good things will come as expected. In the "double-cycle" economic trend, domestic small household appliance innovation will continue to lead the global market. Under the influence of upgrading digital influence, the competitive advantage of enterprises will be converted from cost advantages to industrial chain advantages, product advantages, and efficiency advantages, etc..

Learning from home appliance consumption history in developed countries, we can see that as income levels rise, household appliance consumption transforms from functional consumption of large appliances to small household appliances. It is expected that the future of the small home appliance industry will be stable and positive, and the space for development is still large. As a leading domestic small household appliance brand, the Company will insist on innovation, actively grasp the growth trend, research and develop more new categories to meet market demands, enter into new areas such as cleaning appliances, and devote to becoming a full category of high-quality small household appliance leader.

## **3. Core Competence Analysis**

During the reporting period, there was no significant change in the core competence of the Company. The core competence of the Company is mainly reflected in: The advantages of positioning mid-to-high-end all-category multi-brand; The nationwide online and offline sales network, especially the new retail channels represented by the operational advantages of Shopping Mall and content e-commerce; Taking insight into

consumer needs and focusing on product advantages of core mainstream category innovation; Using digital middle platform to tap the value of big data, reinforcing the advantages of digital operation; For more details, please refer to Joyoung's 2020 Annual Report.

#### 4. Key Accounting Data and Financial Indicators

Whether the Company performed a retroactive adjustment to or restatement of accounting data

Applicable N/A

	H1 2021	H1 2020	Flux
Operating revenues (RMB Yuan)	4,743,532,346.81	4,558,530,041.84	4.06%
Net profits attributable to shareholders of the Company (RMB Yuan)	451,454,511.23	417,767,085.20	8.06%
Net profits attributable to shareholders of the Company before non-recurring gains and losses (RMB Yuan)	348,957,572.66	393,051,511.64	-11.22%
Net cash flow from operating activities (RMB Yuan)	-332,426,945.14	526,790,909.23	-163.10%
Basic earnings per share (RMB Yuan /share)	0.58	0.54	7.41%
Diluted earnings per share (RMB Yuan /share)	0.58	0.55	5.45%
Weighted average return on net assets	10.30%	10.71%	-0.41%
	30 June 2021	31 December 2020	Flux
Total assets (RMB Yuan)	8,043,698,615.03	9,134,826,691.51	-11.94%
Net assets attributable to shareholders of the Company (RMB Yuan)	3,972,050,661.55	4,283,761,519.10	-7.28%

#### 5. Number of Shareholders of the Company and Their Shareholdings

Unit: share

Total number of common shareholders at the end of the Reporting Period	24,801	Total number of preferred shareholders with resumed voting rights at the end of the Reporting Period (if any)	0			
Top 10 common shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
Shanghai Lihong Enterprise Management Limited	Domestic non-state-owned corporation	50.12%	384,523,746		Pledged	307,618,897
BILTING DEVELOPMENTS LIMITED	Foreign corporation	16.94%	129,924,090			
Hong Kong Securities Clearing Co., Ltd.	Foreign corporation	10.64%	81,593,136			
Central Huijin Investment Ltd.	State-owned corporation	2.61%	19,986,462			
E Fund Management Co., Ltd. - Social Insurance Fund Portfolio No. 1104	Others	1.41%	10,789,814			
Basic Pension Insurance Fund Portfolio No. 1001	Others	1.27%	9,721,435			
Agricultural Bank of China - E Fund Consumer Industry Equity Investment Fund	Others	1.25%	9,619,185			
China Industrial Bank- ICBC Credit Suisse Culture & Sports Industry Equity Fund	Others	0.99%	7,567,709			
Bank of China - Da Cheng Preferred Selection Hybrid Securities Investment Fund (LOF)	Others	0.73%	5,613,851			
Chang Jiang Golden Sail No. 2 Equity Pension Product- Bank of Communications	Others	0.31%	2,364,179			
Related or acting-in-concert parties among	In April 2019, the shareholding structure of Bilting Developments Limited changed. MR. Xuning					

shareholders above	<p>WANG, the actual controller of the Company, became the actual controller of Bilting Developments Limited (See Report No. 2019-027 of the Company on www.chinainfo.com.cn. ). As a result, Shanghai Lihong Enterprise Management Co., Ltd. and Bilting Developments Limited, both controlled by Mr. Xuning WANG, are defined as acting-in-concert parties by the Administrative Measures for the Takeover of Listed Companies.</p> <p>Other than the aforementioned related and acting-in-concert parties, the Company is uncertain about whether there are related or acting-in-concert parties among shareholders above.</p>
Explanation on common shareholders participating in securities margin trading (if any)	N/A

## 6. Change in controlling shareholders or actual controllers

### Change in controlling shareholder during the reporting period

Applicable     N/A

### Change in actual controller during the reporting period

Applicable     N/A

## 7. Total Number of Preferred Shareholders and TOP 10 Preferred Shareholders and Their Shareholdings

Applicable     N/A

## 8. Relevant Information on Corporate Bonds

Applicable     N/A

## Section III. Important Matters

None