

Stock Code: 002242

Stock Abbreviation: Joyoung

Report No: 2018-054

Joyoung Co., Ltd

Quarterly Report

Ended 30 September 2018

1. Important Statements

The board of directors, the board of supervisors, directors, supervisors and senior executives of the company shall be liable for the authenticity, exactness and completeness of the report, promise that there are no false records, misleading statements or serious loophole, and promise to bear separate and joint legal liabilities.

All directors have attended the board meeting to review this quarterly report.

Xuning WANG, CEO of the company; Jiantiao QIU, CFO of the company, and Miao Miao, Chief Accountant of Accounting Institution, declared that the quarterly financial statements should be true, accurate and complete.

2 .Company Profile

(1) Key Accounting Data and Financial Indicators

Whether the Company performed any retroactive adjustment or restatement of previous years' accounting data:

☐ Yes ☒ No

	30 September 2018	31 December 2017		Flux (%)
Total assets (RMB Yuan)	5,192,103,739.21	5,350,746,142.18		-2.96%
Net assets attributable to shareholders of the Company(RMB Yuan)	3,586,743,713.50	3,574,555,421.97		0.34%
	2018 Q3	Flux (%)	Beginning of the year to the end of the reporting period	Flux (%)
Operating revenues (RMB Yuan)	1,798,543,653.86	0.08%	5,438,132,763.32	7.35%
Net profits attributable to shareholders of the Company (RMB Yuan)	199,167,030.05	12.28%	569,207,402.17	5.68%
Net profits attributable to shareholders of the Company before non-recurring gains and losses (RMB Yuan)	172,822,292.08	7.23%	465,341,354.08	-3.16%
Net cash flow from operating activities (RMB Yuan)	194,875,852.20	8.93%	418,462,966.54	246.11%
Basic earnings per share (RMB Yuan/share)	0.26	13.04%	0.74	5.71%
Diluted earnings per share (RMB Yuan/share)	0.26	13.04%	0.74	5.71%
Weighted average return on net assets	5.16%	0.63%	14.75%	0.25%

Non-recurring items and amount

Unit: RMB yuan

Item	Beginning of the year to the end of the reporting period	Notes
Gain or loss for disposal of non-current assets (including the write off of the provision for impairment of assets)	12,719,572.17	
Government Grant included in the current profit and loss(closely related to the business of the company, exclusive of the quota and quantitative grant according to the national uniform standards)	33,195,343.99	
The gain and loss on the changes in fair value and the disposal of the transaction financial assets and liabilities(exclusive the effective hedging business related with the normal business of the company)	9,986,735.05	
Other Non-Operating income and expenses besides those mentioned above	2,004,212.08	
The investment profit for disposal of subsidiary	76,790,880.60	-
minus: impact on the income tax	30,774,397.26	
impact on the Minority's interests(after-tax)	56,298.54	
Total	103,866,048.09	--

There was no such non-recurring items that should be reclassified to the recurring items, according to the "No.1 of the Explanatory note on corporate disclosure of publicly offerings – non-recurring gains and losses".

(2) Shareholders and Their Shareholdings at the End of Reporting Period

(a) Total number of common shareholders and the preference shareholders that with resumed voting rights, as well as the list of the Top 10 common shareholders

unit: share

Total number of common shareholders at the end of Reporting Period	35,352	Total number of preference shareholders with resumed voting rights at the end of Reporting Period (if any)			0	
Top 10 common shareholders						
Name	Nature	Shareholding percentage (%)	Common share holding quantity	Restricted common share holding quantity	Pledged or frozen shares	
					Status	Number
Shanghai Lihong New Technology Investment Co., Ltd.	Domestic non-state-owned corporation	49.87%	382,751,496		Pledged	288,403,436
					Frozen	0
BILTING DEVELOPMENTS LIMITED	Foreign corporation	16.93%	129,924,090			
Central Huijin Investment Ltd	State-owned corporation	4.99%	38,310,500			
National Social Security Fund No.113	Other domestic investor	1.63%	12,535,271			
Fei QIU	Domestic individual	0.58%	4,453,100			
China Resources Szitic Trust Co.,Ltd – No. 23 Trust Plans of Assembled Funds	Other domestic investor	0.55%	4,195,387			
China Resources Szitic Trust Co.,Ltd – No. 13 Trust Plans of Assembled Funds	Other domestic investor	0.54%	4,167,400			
National pension contributions Fund No.1207	Other domestic investor	0.47%	3,593,061			
National pension contributions Fund No.1005	Other domestic investor	0.43%	3,285,710			
Bank of China — Dacheng preferred mixed securities investment fund （LOF）	Other domestic investor	0.41%	3,122,836			
Top 10 shareholders of unrestricted in terms of sale						
Name		Share amount of unrestricted in terms of sale	Type			
			Type	amount		
Shanghai Lihong New Technology Investment Co., Ltd.		382,751,496	RMB common stocks	382,751,496		
BILTING DEVELOPMENTS LIMITED		129,924,090	RMB common stocks	129,924,090		
Central Huijin Investment Ltd		38,310,500	RMB common stocks	38,310,500		
National Social Security Fund No.113		12,535,271	RMB common stocks	12,535,271		
Fei QIU		4,453,100	RMB common stocks	4,453,100		
China Resources Szitic Trust Co.,Ltd – No. 23 Trust Plans of Assembled Funds		4,195,387	RMB common stocks	4,195,387		
China Resources Szitic Trust Co.,Ltd – No. 13 Trust Plans of Assembled Funds		4,167,400	RMB common stocks	4,167,400		
National pension contributions Fund No.1207		3,593,061	RMB common stocks	3,593,061		
National pension contributions Fund No.1005		3,285,710	RMB common stocks	3,285,710		

Bank of China—Dacheng preferred mixed securities investment fund (LOF)	3,122,836	RMB common stocks	3,122,836
Related or acting-in-concert parties among shareholders above	The Company is unaware of whether there are related or acting-in-concert parties among shareholders above, which is defined by the "Regulation Act of List Companies' Acquisition".		
Explanation on the top 10 common shareholders participating in securities margin trading (if any)	N/A		

The company's top 10 common shareholders and the top 10 common shareholders with unrestricted in terms of sale hadn't engage in the agreed repurchase transactions during the reporting period.

(b) The total amount of the preference shareholders and the top 10 preference shareholders

☐ available ☒ not available

3 .Important matters

(1) The situation and the reasons for the fluctuation of the main financial data and index during the reporting period

Items	Beginning of the year to the end of the September 2018	Beginning of the year to the end of the September 2017	Flux(%)	Notes
Financial expenses-net	-16,077,864.78	1,672,253.28	-1061.45%	Due to the exchange earnings from the fluctuations in exchange rate
assets impairment loss	12,166,788.52	17,763,765.61	-31.51%	Due to the decrease in the amount of impairment on the basis of the group's bad debt policy.
Investment income	131,355,402.02	50,305,148.26	161.12%	Due to the disposal of Joyoung Suzhou company and the dividends from joint ventures
including: Investment income from joint ventures	39,720,292.24	24,733,193.38	60.60%	Due to the dividends from joint ventures
Assets disposal income	12,719,572.17	220,917.58	5657.61%	Due to the government's compensation to the land and building on ground in Zhangqiu, Shandong.
minus: Non-operating expenses	6,374,674.57	4,730,091.13	34.77%	Due to the increase in the loss of fixed assets in the reporting period.
Minority interests	-3,853,695.47	15,218,188.03	-125.32%	Due to the new subsidiary: SharkNinja (China) is still at a loss.
Other comprehensive income, net of tax	-2,274,842.44	-217,107.98	-947.79%	Due to the increased conversion differences in Foreign currency from the fluctuations in exchange rate
Total comprehensive income attributable to minority interests	-3,853,695.47	15,218,188.03	-125.32%	Due to the new subsidiary: SharkNinja (China) is still at a loss.
Cash received relating to other operating activities	119,993,601.19	88,392,420.13	35.75%	Due to the increase of the deposit.
Cash paid relating to other operating activities	887,214,704.65	645,668,246.04	37.41%	Due to the increase in advertising expense and terminal upgrading and transformation costs.
Net cash flows from operating activities	418,462,966.54	120,905,521.88	246.11%	Due to the sales increase in the current period, resulting in an increase in cash inflows.
Cash received from returns on investments	76,010,375.74	28,059,804.44	170.89%	Due to the dividends from joint ventures

Net cash received from disposal of fixed assets, intangible assets and other long-term assets	47,390,251.34	1,470,270.00	3123.23%	Due to the government's compensation to the land and building on ground in Zhangqiu, Shandong.
Net cash received from disposal of subsidiaries and other business units	103,683,299.35	6,800,000.00	1424.75%	Due to the disposal of Joyoung Suzhou company
Cash received relating to other investing activities	1,085,000,000.00	2,485,200,000.00	-56.34%	Due to the reduction of the expired financial products inflows during the current period.
Sub-total of cash inflows from investment activities	1,320,469,218.58	2,521,530,074.44	-47.63%	Due to the reduction of the expired financial products inflows during the current period.
Cash paid to acquire fixed assets, intangible assets and other long-term assets	128,722,563.33	23,421,108.72	449.60%	Due to the purchase of real estate in the current period.
Cash paid relating to other investing activities	955,000,000.00	2,325,000,000.00	-58.92%	Due to the reduction of the purchasing financial products during the current period.
Sub-total of cash outflows from investment activities	1,134,215,571.58	2,396,339,419.10	-52.67%	Due to the reduction of the purchasing financial products.
Net cash flows from investing activities	186,253,647.00	125,190,655.34	48.78%	Due to the dividends from joint ventures and disposal of subsidiary.
Cash received from capital contributions	24,500,000.00	800,000.00	2962.50%	Due to the acquisition 51% shareholders of SharkNinja (China) in current period, resulting in an increase in minority shareholder input.
Cash received relating to other financing activities	4,800,000.00	34,531,627.07	-86.10%	There is no bills discounting this reporting period, and the company received the equity incentive funds from employees
Cash payments for distribution of dividends, profits or interest expenses	533,757,728.00	23,140,000.00	2206.65%	Due to the distribution of dividends for common stock this period.
including: Cash payments for distribution of dividends, profits or interest expenses to minority interest in Subsidiary	0.00	23,140,000.00	-100.00%	There is no distributing dividends to minority shareholders during the current period.
Sub-total of cash outflows from financing activities	697,850,546.96	193,844,078.42	260.01%	Due to the distribution of dividends for common stock this period.
Net cash flows from financing activities	-668,550,546.96	-158,512,451.35	-321.77%	Due to the distribution of dividends for common stock this period.
Effect of foreign exchange rate changes on cash and cash equivalents	13,698,259.12	-8,095,356.37	269.21%	Due to the exchange earnings from the fluctuations in exchange rate
Net increase in cash and cash	-50,135,674.30	79,488,369.50	-163.07%	Due to the distribution of dividends for

equivalents				common stock this period, and the reduction of expired financial products inflows
Items	30 September 2018	31 December 2017	Flux(%)	Notes
Accounts receivable	223,988,506.26	128,531,167.00	74.27%	due to the increase in sales during the current period
Advances to suppliers	103,261,227.74	7,337,681.34	1307.27%	Due to advance payment to Suppliers.
Other receivables	50,326,845.18	29,848,168.74	68.61%	Due to the increase in business reserve funds.
Other current assets	211,373,728.42	368,656,744.17	-42.66%	Due to the mature of several financial products at the end of the reporting period.
Construction in progress	1,117,378.41	568,244.33	96.64%	Due to the increase in construction projects.
Long-term prepaid expenses	21,291,880.11	406,875.00	5133.03%	Due to the amortization cost of the marketing fee.
Advances from customers	279,844,114.18	181,961,910.25	53.79%	Due to the increase in sales resulted in an increase in advance.
Payroll payments	35,616,573.98	190,215,056.41	-81.28%	Due to the paid the last year's annual bonus during this period.
Taxes Payable	38,863,458.21	148,228,320.54	-73.78%	Due to the tax payment in this period.
Current portion of non-current liabilities	1,440,000.00	-	100.0%	Because the company should book the liabilities according to the equity incentive plan, the balance is the mature amount at the end of 2018.
Other non-current liabilities	3,028,571.41	5,274,285.70	-42.58%	Due to the normal amortization of the company's outstanding earnings during the current period.
Total non-current liabilities	3,792,033.92	6,095,807.25	-37.79%	Due to the normal amortization of the company's outstanding earnings during the current period.
minus: treasury stock	8,211,947.03	64,941,904.13	-87.35%	Because the company grant the treasury stock to employee this period.
Other comprehensive income	-5,386,562.03	-3,111,719.59	-73.11%	Due to the increased conversion differences in Foreign currency from the fluctuations in exchange rate
Minority interests	28,308,574.20	7,662,269.67	269.45%	Due to the acquisition 51% shareholders of SharkNinja (China) in current period, resulting in an increase in minorities' interest.

(2) Analysis of the progress of important matters and their impact and Solutions

(a) On February 14, 2018, the company received a letter from the majority shareholder, Shanghai Lihong Company, in which Shanghai Lihong Company will increase the company's shares with its own and self-financed funds by means of centralized bidding transactions from the secondary market. The cumulative amount of the increased shares is not less than

1% and no more than 2% of the company's total equity. For details, please refer to the report of 2018-008 and 2018-041 on Cninfo website.

(b) In February 2018, the company signed the Investment Cooperation Framework Agreement with Shark Ninja (Hong Kong) Company Limited. The company intends to acquire 51% shareholders of Shark Ninja (China) Technology Co., Ltd, a subsidiary of Shark Ninja (Hong Kong) Company that located in mainland China. In April 2018, the 8th meeting of the 4th Board of Directors of the company examined and approved the "Proposal on the Acquisition of 51% Equity of Shark Ninja (China) Technology Co., Ltd and Related Transactions ", and agreed the company use its own capital of RMB12.495 million to complete the acquisition. In July 2018, the two parts signed the agreement on equity transfer. In August 2018, the company registered the change with the industry and Commerce Administration authorities. For details, please refer to the announcement of 2018-007, 2018-018 and 2018-043 on Cninfo website.

Overview of important matters	Date of disclosure	website index for the report disclosure
Shanghai Lihong Company increased the company's shares, which is the controlling shareholders	22 February 2018	Please refer to <i>Announcement about increasing the company's shareholders by controlling shareholders</i> on Cninfo website.
	11 June 2018	Please refer to <i>Announcement about the progress of increasing the company's shareholders by controlling shareholders</i> on Cninfo website.
The company acquire 51% shareholders of Shark Ninja (China) Technology Co., Ltd	9 February 2018	Please refer to <i>Announcement about the signing of the Investment Cooperation Framework Agreement</i> on Cninfo website.
	21 April 2018	Please refer to <i>Acquisition of 51% Equity of Shark Ninja (China) Technology Co., Ltd and Related Transactions</i> on Cninfo website.
	11 July 2018	Please refer to <i>the progress of the acquisition of 51% equity of Shark Ninja (China) Technology Co., Ltd</i> on Cninfo website.

(3) Commitments made by the actual controller, shareholders, related parties, purchasers and other relevant parties that have not been fulfilled the correspondent promise within the reporting period

There is no such cases during the reporting period.

(4) Forecast operating performance in 2018

Projected business performance in 2018: The net profit attributable to shareholders of listed companies is positive and does not belong to the situation of turning losses into profits.

Net profit margin attributable to shareholders of the company in 2018	-20.00%	To	20.00%
Net profit fluctuation attributable to shareholders of the company in 2018 (RMB Ten thousand Yuan)	55,113.50	To	82,670.24
Net profit attributable to shareholders of the company in 2017 (RMB Ten thousand Yuan)	68,891.87		
Reasons for fluctuation in performance	Against the backdrop of rising production costs and fierce competition in the industry, the company will continue to adhere to the "value marketing" and innovate to introduce the new products with more "high value, high quality, high face value", while insist on brand promotion and channel construction, and devote itself to enhance brand value and profitability.		

(5) Financial assets measured at fair value

☐ available ☒ not available

(6) Illegal external guarantee

None

(7) The Non-operating funds occupation of the controlling shareholders and its related parties

None

(8) Trust Investment

None.

(9) Registration forms for research, communication and interviews during the reporting period.

Date	Reception method	Reception Object Type	Basic information index
24 August 2018	On site	institution	Please refer to <i>the company's activity record for investor relationships on 24 August 2018</i> on Cninfo website.
18 September 2018	On site	institution	Please refer to <i>the company's activity record for investor relationships on 18 and 19 September 2018</i> on Cninfo website.
19 September 2018	On site	institution	