

Stock Code: 002242

Stock Abbreviation: Joyoung

Report No.2019-065

**Joyoung Co., Ltd**

**Abstract of Third Quarterly Report of 2019**

**Joyoung 九阳**

## **Section I Important Statements**

*This is an abstract of Third Quarterly Report of 2019 (hereinafter referred to as the “Report”). Investors are kindly reminded to read the complete version of the Report 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.*

*In the event of any discrepancy between the abstract and the full document of the Report, the full document version shall prevail.*

The Board of Directors, the Supervisory Committee as well as all the directors, supervisors and senior management staff of Joyoung Co., Ltd. (hereinafter referred to as the “Company”) have warranted that this Report contains no false record, misleading statement or material omission. And they shall be jointly and severally liable for the factuality, accuracy and completeness of the information given in this Report.

All directors attended the board meeting that reviewed this Report.

Xuning WANG, Legal Representative 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.

## Section II Company Profile

### 1. Key Accounting Data and Financial Indicators

Whether the Company performed a retroactive adjustment to or re-statement of accounting data

Yes  No

	30 September 2019	31 December 2018	Flux (%)	
Total assets (RMB Yuan)	6,228,140,934.50	6,660,086,381.54	-6.49%	
Net assets attributable to shareholders of the Company (RMB Yuan)	3,530,015,847.75	3,810,291,395.62	-7.36%	
	From 1 July 2019 to 30 September 2019	Flux (%)	From 1 January 2019 to 30 September 2019	Flux (%)
Operating revenues (RMB Yuan)	2,068,019,945.39	14.98%	6,254,990,267.26	15.02%
Net profits attributable to shareholders of the Company (RMB Yuan)	211,822,515.10	6.35%	617,827,914.32	8.54%
Net profits attributable to shareholders of the Company before non-recurring gains and losses (RMB Yuan)	205,099,809.10	18.68%	582,586,867.39	25.20%
Net cash flow from operating activities (RMB Yuan)	745,207,988.94	282.40%	922,017,459.40	120.33%
Basic earnings per share (RMB Yuan /share)	0.28	7.69%	0.81	9.46%
Diluted earnings per share (RMB Yuan /share)	0.28	7.69%	0.81	9.46%
Weighted average ROE	5.49%	0.33%	16.01%	1.26%

#### Non-recurring gains and losses item and amount

Unit: RMB yuan

Item	From 1 January 2019 to 30 September 2019	Note
Profit or loss from disposal of non-current assets (including the write off of the provision for impairment of assets)	5,499,793.46	
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)	26,734,353.98	
Except for effectively hedging business related to normal business operations of the Company, profit or loss arising from the change in the fair value of held-for-trading financial assets and liabilities, as well as investment profit or loss produced from the disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets	13,522,115.34	

Other Non-Operating income and expenses besides those mentioned above	-1,784,214.94	
Less: Corporate income tax	8,584,653.27	
Minority interests (after tax)	146,347.64	
Total	35,241,046.93	--

There were no such non-recurring items that should be reclassified to the recurring items, according to the <Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Profits and Losses>

## 2. Total number of shareholders and shareholdings of the top ten shareholders at the period-end

### 2.1 Total number of common shareholders, total number of preferred shareholders with resumed voting rights at the end of the Reporting Period and shareholdings of the top ten common shareholders at the period-end

Unit share

Total number of common shareholders at the end of the Reporting Period	27,044	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	50.11%	384,523,746		Pledged	339,272,626
Bilting Developments Limited	Foreign corporation	16.93%	129,924,090			
Central Huijin Investment Ltd.	State-owned corporation	4.99%	38,310,500			
Hong Kong Securities Clearing Co., Ltd.	Foreign corporation	2.50%	19,218,928			
E Fund Management Co., Ltd. - Social Insurance Fund Portfolio No. 1104	Others	1.55%	11,930,073			
Basic Pension Insurance Fund Portfolio No. 1206	Others	0.54%	4,136,381			
AEGON INDUSTRIAL Fund Management Co., Ltd. - Industrial Bank Co., Ltd. - AEGON INDUSTRIAL - Stock Dividend Specific Multi-Client Asset Management Plan	Others	0.52%	3,979,442			
National Social Security Fund Portfolio No. 502	Others	0.46%	3,508,647			

Agricultural Bank of China Co., Ltd. - CSI 500 Exchange Trade Fund	Others	0.43%	3,299,581		
Basic Pension Insurance Fund Portfolio No. 1205	Others	0.40%	3,041,324		
Top 10 non-restricted common shareholders					
Name of shareholder	Number of non-restricted shares held	Type of shares			
		Type of shares	Number		
Shanghai Lihong Enterprise Management Limited	384,523,746	RMB common stock	384,523,746		
Bilting Developments Limited	129,924,090	RMB common stock	129,924,090		
Central Huijin Investment Ltd.	38,310,500	RMB common stock	38,310,500		
Hong Kong Securities Clearing Co., Ltd.	19,218,928	RMB common stock	19,218,928		
E Fund Management Co., Ltd. - Social Insurance Fund Portfolio No. 1104	11,930,073	RMB common stock	11,930,073		
Basic Pension Insurance Fund Portfolio No. 1206	4,136,381	RMB common stock	4,136,381		
AEGON INDUSTRIAL Fund Management Co., Ltd. - Industrial Bank Co., Ltd. - AEGON INDUSTRIAL - Stock Dividend Specific Multi-Client Asset Management Plan	3,979,442	RMB common stock	3,979,442		
National Social Security Fund Portfolio No. 502	3,508,647	RMB common stock	3,508,647		
Agricultural Bank of China Co., Ltd. - CSI 500 Exchange Trade Fund	3,299,581	RMB common stock	3,299,581		
Basic Pension Insurance Fund Portfolio No. 1205	3,041,324	RMB common stock	3,041,324		
Related or acting-in-concert parties among shareholders above	Shanghai Lihong Enterprise Management Co., Ltd. and Building Developments Limited, both controlled by Mr. Xuning WANG, are defined as acting-in-concert parties by the <i>Administrative Measures for the Takeover of Listed Companies</i> . 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.				
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.

## 2.2 Total Number of Preferred Shareholders and TOP 10 Preferred Shareholders and Their Shareholdings

Applicable  Not applicable

## Section III Significant Events

### 1. Major Changes of Main Items in Financial Statements and Financial Indicators Within the Report Period, as well as the Reasons for the Changes

Unit: RMB yuan

Item	From 1 January 2019 to 30 September 2019	From 1 January 2018 to 30 September 2018	Flux (%)	Notes
General and administrative expenses	254,647,689.31	179,761,212.35	41.66%	Mainly due to the increase on wages and business travel expenses of administrative staff and amortization of stock incentive expenses
Financial expenses	-6,979,286.19	-16,077,864.78	-56.59%	Mainly due to less foreign exchange gains
Investment income	52,824,492.32	131,355,402.02	-59.79%	Mainly due to the disposal of subsidiary and the dividends from associated companies
Including: income from associated companies and joint ventures	3,453,253.98	39,720,292.24	-91.31%	Mainly due to the dividends from associated companies
Credit impairment losses	-8,577,774.25		100.00%	Mainly due to the changes of accounting policy that receivables and other receivables are included in credit impairment losses
Asset impairment losses	-7,617,071.36	-12,166,788.52	-37.39%	
Add: Gains on changes in fair value	1,587,949.57		100.00%	Mainly due to the changes of foreign exchange rate during the reporting period, which resulted in the changes in other non-current financial assets fair value
Gains on disposal of assets	6,298,909.35	12,719,572.17	-50.48%	Mainly due to less disposal of assets in the reporting period
Non-operating expenses	12,184,310.83	6,374,674.57	91.14%	Mainly due to the increase on donation expenditures
Minority interests	-10,247,044.56	-3,853,695.47	-165.90%	Mainly due to that the Company's subsidiary was still at a loss
Other comprehensive income	7,424,903.36	-2,274,842.44	426.39%	Mainly due to the fluctuation in exchange rate in the reporting period
Total comprehensive income attributable to minority interests	-10,247,044.56	-3,853,695.47	-165.90%	Mainly due to that the Company's subsidiary was still at a loss
Item	From 1 January 2019 to 30 September 2019	From 1 January 2018 to 30 September 2018	Flux (%)	Notes
Net cash flow from operating activities	922,017,459.40	418,462,966.54	120.33%	Mainly due to the increase on income, resulting in an increase on cash inflows

Net cash received from disposal of fixed assets, intangible assets and other long-term assets	579,500.00	47,390,251.34	-98.78%	Mainly due to the government's compensation to the land and building on ground in Zhangqiu, Shandong during 1 January 2018 to 30 September 2018
Net cash received from disposal of subsidiaries and other business units		103,683,299.35	-100.00%	Mainly due to the disposal of Joyoung Suzhou company during 1 January 2018 to 30 September 2018
Cash paid to acquire fixed assets, intangible assets and other long-term assets	35,473,059.50	128,722,563.33	-72.44%	Mainly due to the reduction of the purchasing of fixed assets in the reporting period
Cash paid to acquire investments	20,748,877.88	50,493,008.25	-58.91%	Mainly due to the reduction of investing activities in the reporting period
Cash paid relating to other investing activities	1,393,000,000.00	955,000,000.00	45.86%	Mainly due to the increase on financial products purchases during the reporting period
Net cash flow from investing activities	-551,880,575.39	186,253,647.00	-396.31%	Mainly due to the increase on financial products purchases during the reporting period
Cash received from capital contributions		24,500,000.00	-100.00%	Mainly due to the acquisition 51% shareholders of SharkNinja (China), resulting in an increase in minority shareholder input during 1 January 2018 to 30 September 2018
Cash received relating to other financing activities	210,000,000.00	4,800,000.00	4275.00%	Mainly due to bills discounting this reporting period
Cash paid relating to other financing activities	219,566,986.11	164,092,818.96	33.81%	Mainly due to the increase of security deposit paid for bill pledge
Effect of foreign exchange rate changes on cash and cash equivalents	6,219,240.13	13,698,259.12	-54.60%	Mainly due to less exchange gains in the reporting period
<b>Item</b>	<b>30 September 2019</b>	<b>1 January 2019</b>	<b>Flux (%)</b>	<b>Notes</b>
Notes receivable	1,254,860,625.68	2,401,908,241.50	-47.76%	Mainly due to the honouring of notes receivable in the reporting period
Accounts receivable	481,165,200.39	170,334,201.29	182.48%	Mainly due to the increase on income
Advances to suppliers	95,056,320.75	50,140,039.04	89.58%	Mainly due to advance payments to suppliers to secure the price of materials
Including: interest receivable	8,772,130.27	1,087,939.73	706.31%	Mainly due to the increase of financial products in the reporting period, resulting in the increase of interest receivable
Other current assets	721,819,911.36	212,098,049.34	240.32%	Mainly due to the increase of financial products in the reporting period
Available-for-sale financial assets		453,798,187.73	-100.00%	Mainly due to the change of accounting policy that equity

Other equity instrument investments	250,667,645.89		100.00%	investments are included in "other equity instrument investments" and "other non-current financial assets"
Other non-current financial assets	289,111,242.71		100.00%	
Construction in progress	15,062,768.93	9,525,015.95	58.14%	Mainly due to the increase of a small number of construction projects in the reporting period
Deferred tax assets	51,231,924.10	98,823,262.64	-48.16%	Mainly due to paying the expenses recognized by the end of the last reporting period in the reporting period
Notes payable	749,962,721.17	398,577,915.90	88.16%	Mainly due to the increase of notes payable issued through the Supply Chain Finance in the reporting period
Advances from customers	272,182,091.82	539,246,286.69	-49.53%	Mainly due to the transfer from advances from customers to payments
Employee benefits payable	19,588,204.65	199,388,479.30	-90.18%	Mainly due to paying the yearly bonus recognized by the end of 2018 in the reporting period
Taxes payable	57,892,277.64	139,042,561.43	-58.36%	Mainly due to tax payment in the reporting period
Other payables	478,960,492.21	186,129,378.79	157.33%	Mainly due to the recognition of the semi-annual dividends
Including: dividends payable	383,656,000.00		100.00%	Mainly due to the recognition of the semi-annual dividends
Other current liabilities	34,285.69		100.00%	Mainly due to the reclassification of patent royalties resulted from the finish of its amortization within one year
Deferred tax liabilities	15,308,571.84	349,699.95	4277.63%	Mainly due to the changes of accounting policies during the reporting period, which resulted in the increase in FVTPL&FVOCI fair value as well as tax liabilities on future disposal
Other non-current liabilities		2,279,999.98	-100.00%	Mainly due to the reclassification of patent royalties into other current liabilities resulted from the finish of its amortization within one year
Less: treasury stock	3,402,960.00	4,999,960.00	-31.94%	Because the company has exercised the circulation of its incentive restricted stock in the reporting period
Other comprehensive income	24,734,354.69	-1,179,916.24	2196.28%	Mainly due to the changes of accounting policies during the reporting period, which resulted in the change in FVOCI fair value.
Minority interests	9,321,593.20	19,568,637.77	-52.36%	Mainly due to that the Company's subsidiary was still at a loss

## 2. Analysis of the Progress of Important Matters and Their Impact and Solutions

The 20th meeting of the 4th Board of Directors held on August 13, 2019 and the 2nd Extraordinary Shareholders' Meeting of 2019 held on September 11, 2019 reviewed and approved the *Proposal on the Distribution of Profits of the Semi-annual 2019*. The Company intends to deduct the 59,000 repurchased and then cancelled shares from the Company's



total share capital of 767,371,000 by the end of June 2019. That is, based on 767,312,000 shares, the Company intends to distribute cash dividends of 5 yuan (tax inclusive) per 10 shares to all shareholders with a total of RMB 383,656,000 yuan cash dividends, with no stock dividend and no capital reserves converted into share capital.

Overview of important matters	Date of disclosure	Website index for disclosed reports
2019 semi-annual distribution of profits	15 August 2019	Please refer to Report No. 2019-054 on Cninfo website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ).

#### The implementation of share-buyback

The Company's 14th meeting of the 4th Board of Directors held in October 2018 and the first Extraordinary Shareholders Meeting of 2018 held in November 2018 reviewed and approved the *Preparation of Some Public Shares Buyback*. The Company intended to use no less than RMB 40 million yuan and no more than (including) RMB 80 million yuan self-owned funds to buy back some of the Company's shares in centralized competitive biddings. The buy-back price will not exceed RMB 20 yuan/share (adjusted to RMB 18.70 yuan/share after the 2018 annual and the 2019 semi-annual distributions of profits). The share buyback time limit is no more than 12 months from its date of approval by the shareholder meeting. By the end of the reporting period, the Company had not bought back any shares.

#### The implementation of reducing buy-back shares through centralized competitive bidding

Applicable  Not applicable

### 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

Applicable  Not applicable

### 4. Financial Assets Measured at Fair Value

Unit: RMB yuan

Classes of assets	Initial Capital Investment	Gains on changes in fair value	Accumulated changes in fair value recognized in equity	Amount purchased in the reporting period	Amount disposed in the reporting period	Accumulated investment income	Amount by the end of the reporting period	Source of fund
Funds	232,420,187.73	1,587,949.57	61,506,044.80	0.00	-7,741,551.59	90,391,983.01	289,111,242.71	Self-owned capital
Others	221,378,000.00	6,038,296.19	29,289,645.89				250,667,645.89	Self-owned capital
Total	453,798,187.73	7,626,245.76	90,795,690.69	0.00	-7,741,551.59	90,391,983.01	539,778,888.60	--

**5. Illegal external guarantee**

Applicable  Not applicable

**6. The Non-operating Funds Occupation of the Controlling Shareholders and Its Related Parties**

Applicable  Not applicable

**7. Trust Investment**

Unit: 10,000 RMB yuan

Type	Source of fund for trust investment	Amount of recorded trust investment	Premature balance	Overdue balance
Bank financial products	Self-owned capital	87,300	35,074.76	0
Trust financial products	Self-owned capital	52,000	32,000	0
Total		139,300	67,074.76	0

**The specific situation of high-risk, low security, poor liquidity or non-guarantee trust investment of significant amount**

Applicable  Not applicable

**Trust investment is expected to be unable to recover the principal or other circumstances that may result in impairment**

Applicable  Not applicable

**8. Registration Forms for Research, Communication and Interviews During the Reporting Period.**

Date	Reception method	Reception object type	Basic information index
02 July 2019	On site	Institution	Please refer to the company's activity record for investor relationships on 2 and 5 July 2019 on Cninfo website.
05 July 2019	On site	Institution	
15 August 2019	Call	Institution	Please refer to the company's activity record for investor relationships on 15 and 16 August 2019 on Cninfo website.
16 August 2019	On site	Institution	
16 September 2019	On site	Institution	Please refer to the company's activity record for investor relationships on 16 September 2019 on Cninfo website.
18 September 2019	On site	Institution	Please refer to the company's activity record for investor relationships on 18 September 2019 on Cninfo website.