

Ticker: 002242

Stock Abbreviation: Joyoung

Joyoung Co., Ltd. Abstract of the Annual Report 2021

Section I Important Statements

This is an abstract of the Annual Report 2021. Investors are suggested to read the complete version of the Annual Report 2021 on the media, which is designated by the China Securities Regulatory Commission (the “CSRC”) to have a full understanding of operational results, financial statements, and future plans of the Company. Should there be any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

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

Convert capital reserves into share capital

Yes No

The Board has considered and approved the following dividend payout plan for the Reporting Period: based on the Company's total shares of 767,017,000 by the end of December 31, 2021, the Company should distribute a cash dividend of RMB 10.0 (tax inclusive) and 0 stock dividend (tax inclusive) per 10 shares to all the shareholders and should not convert capital reserves into share capital.

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	Stock Code	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, Jianggan District, Hangzhou, Zhejiang Province	No.760 Yin Hai Street, Jianggan District, Hangzhou, Zhejiang Province	
Tel.	0571-81639093	0571-81639178	
E-mail	002242@joyoung.com	002242@joyoung.com	

2. Business or Product Review in the Reporting Period

1) Small Home Appliance Industry in the reporting period

In 2021, under the complex and fluctuating international situation, China's gross domestic product (GDP) still achieved a growth of 8.1%, reaching 114.4 trillion yuan from 110 trillion yuan with an two-year average growth at 5.1%.

Chinese president Xi Jinping stressed that “Bring prosperity to all is an essential requirement of socialism, as well as an important feature of Chinese-style modernization.” By 2035, China will basically realize socialist modernization and the average per-capita GDP will reach the standard of moderately developed countries. Accordingly, the size of middle-income

group will expand significantly, boosting the demand for high-end home appliance.

With the promotion of domestic and international circulations, the small home appliance industry is undergoing an entire process upgrading including concept, production technology, sales channels and brand culture. The advancing small home appliances enrich home life as major necessities, featuring high quality, physical attractiveness, user friendly and other selling points. The company's main products are aimed at young people represented by Generation Z, middle-class families represented by baby mothers, and middle-aged and elderly consumers who care about health and wellness.

However, commodity prices have seen a continuous and rapid rise in 2021, putting pressure on companies in the industry with higher production costs. The small kitchen appliance industry is in a mature stage of development. Slower recovery in the offline market, accelerated changes in the online market, and channel fragmentation were unfavorable factors which brought greater pressure and difficulties to the development in 2021.

As a leading enterprise in small home appliance industry in China, the Company will continue to focus on its main business, firmly implement its strategy, protect intellectual property rights, and enhance innovation in order to stand in the forefront and gain more earnings in the new era.

2) Major business engaged by the Company in the reporting period

In the Reporting Period, the Company continues to focus on the R&D, production, and sales of small household appliances. The Company mainly operates independent R&D, design, sales, and self-owned brands. With the consumers' increasingly strong desire for a better and quality life and the promotion of consumption upgrade, consumer demands for refined, and user-friendly products of high quality continue to grow.

In the Reporting Period, no significant changes have occurred to the Company's primary business. The Company is in the mature period without visible cyclical features. Major product categories of the Company all rank the top 3 across the industry domestically in China.

3) Core Competence Analysis

a. Brand Advantage

As a leader in the home appliance industry, the Company has been focusing on the R&D, production and sales of healthy appliances for 28 years, with well-known brand image in the industry and beyond contributed by its established strategic partnership with top suppliers and distributors, enhanced R&D strength and excellent industry reputation.

Adhering to the brand concept of "Healthy and Enjoyable", Joyoung brought its variety of innovation-driven products to the younger generation, which represented Joyoung's determination of brand rejuvenation, thus they could enjoy a kitchen life where they had maximized nutrition, minimized hands-on and enjoyable experience.

Joyoung mainly offers categories including soymilk maker, cell-wall breaking high-speed blender, electric rice cooker, air fryer, cookware, water purifier, auto-wok, electric pressure cooker, electric stew pot, kettle, noodle maker, slow juicer, oven, dishwasher, etc. Among them, the major categories like soymilk maker, cell-wall breaking high-speed blender, air fryer, noodle maker and juicer rank top 1 in the market and other products also list among the top 3.

Established in Boston in 1998, Shark, a brand that excels in cleaning technology, now ranks top 1 in the sales of cleaning appliances in the United States. SharkNinja JV (China), whose main businesses are branding and marketing for Shark, has launched a variety of household cleaning appliances customized for Chinese families since its entry in Chinese market in 2018, including scrubber, multi-flex vacuum, steam mop, electric mop, Wandvac and robotic vacuum.

b. Channel Advantage

The Company has been deeply involved in the small household appliance industry for many years, mainly adopting the distribution system with distributor networks and customer resources nationwide. The Company offers customer-centric experience and scenarios, that is, to demonstrate products and food preparation to customers no matter via online or offline platforms.

In 2021, the accelerated change of domestic e-commerce channels put forward higher requirements and targets for the Company's online business. Considering the rapid growth of e-commerce, the Company expanded its online brand flagship stores and live broadcast rooms according to different categories, channels and customer segments, and did multi-platform, multi-time and high-frequency online live broadcast.

Based on the existing tens of thousands of sales terminals nationwide, the Company continued to optimize its offline sales network, and explored new retail business models, for example, it opened more than 100+ new stores in shopping malls. Besides, through the combination of high-frequency and diversified online live broadcast, offline terminal customer experience and digital operation, the Company achieved interactive O2O development and up-selling to premium customers, and successfully covered different levels of consumers by a comprehensive, multilevel, and multifaceted sales network.

c. Product Advantage

Thanks to people's pursuit of a better and quality life and the promotion of consumption upgrade, consumer demands for quality, sleek, integrated and smart products continue to grow. Smart appliances make it more convenient and comfortable to use, with improved user experience. Starting from the needs of different people and scenarios, the Company has launched good products of high quality and recommended by users with photos of the products posted, too. Through that, the Company has been able to enhance the value of its products and brands and strive to maintain a steady increase in its market share.

During the reporting period, based on consumer insights, the Company continued to focus on core mainstream categories and developed products that could tackle pain-point issues with the three-tier R&D system within the Company, such as HarmonyOS IoT Hand-wash-free High Performance Blender Y521, Smart Charcoal Steel Rice Cooker F921, Crystal Diamond Rub-resistant Non-stick Wok, Rexiaojing RO Cold and Hot Water Purifier, etc. Shark brand also launched the hit products - floor scrubber Shark ED200, Vacmop V5, Steam Scrubber T2, etc., dedicated to meet the people's aspirations for a better and quality life.

Through continuous technology and product innovation, efficient digital interaction with consumer and launch of products, and fast, precise marketing strategy, the Company has been able to cater for the new market demands and respond quickly, and continue to lead the industry.

d. Operating advantage

In 2021, given the decentralized trend of online and offline channels, the Company continuously enhanced its digital operation and proactively promoted the deep integration of online and offline channels through its self-built digital mid-platform based on its omni-channel development strategy. The company formed a closed loop of new retail O2O shopping experience including online recommendation, offline user experience, online order, nearby delivery and door-to-door service, which has brought the Company closer to consumers, users and fans and laid a valuable big-data foundation for future deep mining of digital economic value.

The importance of digitization and big data utilization is more significant than ever. Via platforms like WeChat, Weibo, Tiktok, and Kuaishou, as well as channel networks, including points of sales and points of after era- into the services, the Company now has over 25 million user-followers. In this era, with extremely fragmented and enormous amount of information,

a huge opportunity lies in maintaining existing loyal user-followers and attracting new ones through public user traffic.

However, the changes brought about by the Internet are not only on the consumer side, but also in the need to promote intelligence and integration on the product and supply side. The Company has developed a new network operation and maintenance support platform through the use of modern information systems such as the Product Tracking System (PTS) and Warehouse Management System (WMS) to achieve software and hardware intelligence integration. It has realized equipment management, remote control, information collection, fault diagnosis, information push, and other functions and provided real-time expert interactive assistance with image function, pre-sales, and after-sales services.

4) Major Business Analysis

Revenue in 2021 was RMB 10,540.47 million, a decrease of 6.09% year on year; among which, revenue from nutritious food cooker and cookware increased significantly, revenue from food processors, western appliances and other products maintained steady growth, and the Company's revenue mix has been diversified and optimized continuously.

For the year of 2021, operating costs narrowed down by 0.19% yoy to RMB 7,611.66 million. Gross profit margin decreased by 4.27 percentage points year on year.

Selling expenses amounted to RMB 1,580.33 million, down by 15.39% year on year, with sales expense ratio at 14.99%, down by 1.65 percentage points year on year; General and administrative expenses amounted to RMB 350.77 million, down by 11.89% year on year, with G&A ratio at 3.33%, down by 0.22 percentage points year on year; Research and development expenses amounted to RMB 357.28 million, up by 3.31% year on year. During the reporting period, the number of newly added patent applications was 2068 (including 206 patent applications for invention, 1,654 applications for utility model and 208 applications for appearance design), and as of the end of the reporting period, the Company owned a total of 10,129 patents (including 543 patents for invention, 8,277 patents for utility models and 1,309 patents for appearance design).

In 2021, total profit reached RMB790.50 million, representing a year-on-year decrease of 25.63%, and net profit attributable to shareholders was RMB745.60 million, representing a year-on-year decrease of 20.69%.

In 2021, net cash flow generated in operating activities was RMB -34.79 million, representing a decrease of 101.73% year-on-year, mainly due to the payment of raw materials of last year.

5) Outlook for the Company's Future Development

a. Analysis of the External Environment Faced by the Company

In 2021, facing the severe combined impact of complex situation in China and beyond and rising risks as well as challenges, we attained a complete victory in the fight against poverty under the strong leadership of the Central Committee of the Communist Party of China with Comrade Xi Jinping at its core. And now we embark on a new journey to build China into a modern socialist country in all respects to achieve the second Centenary Goal.

As the world's second largest economy, China has the world's largest and most potential consumer market. And the demand for home appliances is still great in spite of the uneven market structure in the short term. Thus the Company shall enhance its core competencies such as market insight, R&D capability and marketing capability to gain more market share and lead the industry.

b. Future Development and Business Operation Plan of the Company

Seeing the history of home appliance in developed countries, we can find that as income rises, consumers' preference changes to high-quality small home appliance from functional large appliances, and it is expected that the future of the small home appliance industry will be stable and positive with huge available market.

As a leading brand in small home appliance industry in China, the Company will firmly focus on its core business, taking user needs as the center and technological innovation as the driving force. The company will firmly optimize product mix of small kitchen appliances, cookware, small cleaning appliances and water appliances. Besides, the Company will further market mid-to-high-end products by online recommendation and omni-channel. Furthermore, we could maximize the synergistic value of Joyoung and Shark brands.

The company has hundreds of millions of products providing convenience to "Home Kitchens", thousands of "Hope Kitchens" cooking meals for more than 500,000 rural children every day, and "Space Kitchen" improving the quality of diet and drinking water for astronauts. In the future, the Company will continue to expand and strengthen the brand asset value of "Family Kitchen" + "Hope Kitchen" + "Space Kitchen" to create sustainable value for the Company and shareholders.

c. Risks Faced by the Company and Countermeasures

I. Industry-related risks

The popularity of small household appliances, especially the medium and high-end small household appliances, is directly related to the level of disposable income of the residents. In recent years, China's economy has shifted from the stage of high-speed growth to the stage of high-quality growth, and the disposable income of the residents has been increasing, thus the people's demand for a better life is growing, which provides strong support for the development of the domestic small home appliance industry.

The market for small home appliances in China is huge and more and more small home appliance manufacturers are trying to enter this market. With the entry of new peers, market competition will be increasingly intensified, which may lead to a decrease in the profitability of the Company's products. At the same time, there are cases of unfair competition in the small home appliance industry, such as product imitation, IPR infringement, trademark rights infringement, etc. Although the Company ranks among the top in the domestic small kitchen appliances industry, the Company still faces the risk of increasing market competition.

To hedge against the above risks, the company will continue to increase technological innovation, strengthen intellectual property protection, improve the Company's value, adhere to the path of branding, focus on user demands, and take the initiative to launch more products that cater to the needs of consumers in the new era.

II. Business risks

i. Risk of raw material price fluctuation

Raw materials the Company procures from the third parties mainly include iron, stainless steel, aluminum, copper, plastic, etc.. Parts and components purchased from third parties mainly include motors, panels, integrated circuits, etc.. There are many types of raw materials and parts required, and the demands for them are scattered, so there is no situation that raw materials are too concentrated in a single species or a single category. However, the increase in the price of the above-mentioned raw materials and the rising cost of logistics and packaging materials will have an impact on the profitability of the company. The company will optimize supply chain network and product design and integrate procurement of raw materials to comprehensively reduce production costs and improve profitability.

3. Key Accounting Data and Financial Indicators

1) Key Accounting Data and Financial Indicators in Recent Three Years

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

Yes No

Unit: RMB Yuan

	2021	2020	YoY change(%)	2019
Operating revenues	10,540,473,926.06	11,223,747,609.01	-6.09%	9,351,439,510.07
Net Profit attributable to shareholders of the Company	745,601,463.86	940,080,034.27	-20.69%	824,105,192.42
Net profit attributable to shareholders of the Company before non-recurring gains and losses	596,777,184.42	680,410,546.02	-12.29%	754,001,863.43
Net cash flows from operating activities	-34,788,705.11	2,009,298,071.00	-101.73%	1,253,024,651.38
Basic earnings per share (RMB Yuan /share)	0.97	1.23	-21.14%	1.07
Diluted earnings per share (RMB Yuan /share)	0.97	1.23	-21.14%	1.08
Weighted average return on net assets	17.45%	23.83%	-6.38%	21.22%
	As of 31 December, 2021	As of 31 December, 2020	YoY change(%)	As of 31 December, 2019
Total assets	8,516,380,670.95	9,134,826,691.51	-6.77%	7,467,802,731.42
Net assets attributable to shareholders of the Company	4,263,662,880.72	4,283,761,519.10	-0.47%	3,753,065,661.20

2) Main Accounting Data by Quarter

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Operating revenues	2,242,694,899.52	2,500,837,447.29	2,288,421,316.19	3,508,520,263.06
Net Profit attributable to shareholders of the Company	180,103,795.09	271,350,716.14	211,704,401.73	82,442,550.90
Net profit attributable to shareholders of the Company before non-recurring gains and losses	161,576,890.20	187,380,682.46	197,518,780.25	50,300,831.51
Net cash flows from operating activities	-179,932,954.23	-152,493,990.91	-127,386,593.19	425,024,833.22

Whether there are significant differences between the above financial data or the total value previously disclosed quarterly or interim reports.

Yes No

4. Shareholders and Shares

1) Total number of common shareholders and shareholdings of the top ten common shareholders at the period-end

Unit: share

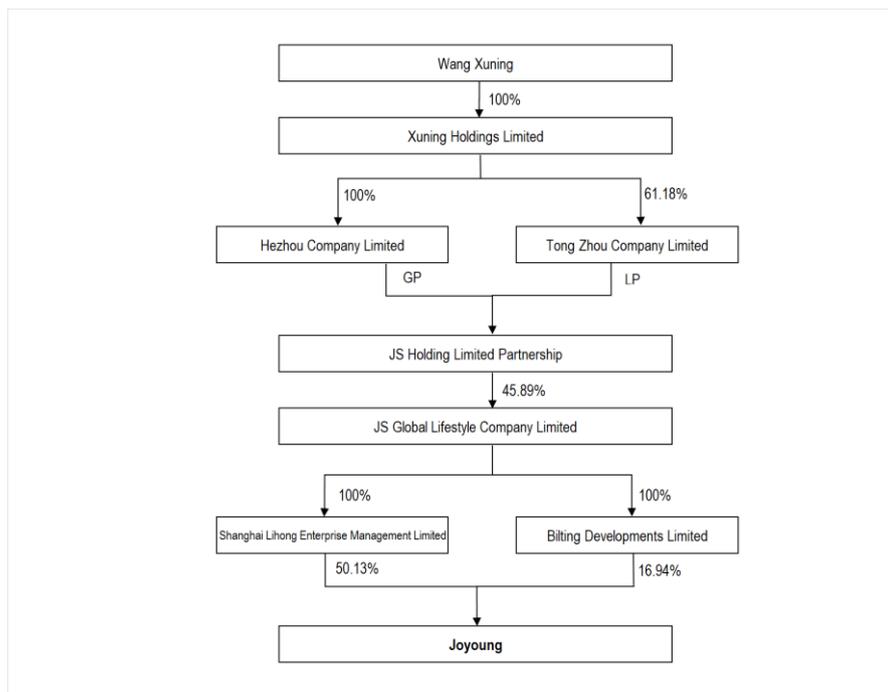
Total number of common shareholders at the end of the Reporting Period	40,054	Total number of common shareholders at the end of the previous month of the disclosure date of	39,134	Total number of preferred shareholders with resumed voting rights at the end of the	0	Total number of preferred shareholders with resumed voting rights at the end of the previous month of the disclosure date of this	0
--	--------	--	--------	---	---	---	---

		this report		Reporting Period		report	
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	50.13%	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	11.88%	91,132,008				
Central Huijin Investment Ltd.	State-owned corporation	1.46%	11,201,233				
Basic Pension Insurance Fund Portfolio No. 1001	Others	1.40%	10,721,435				
China Merchants Bank-Rosefinch Hengxin One-Year Holding Hybrid Securities Investment Fund	Others	0.51%	3,888,706				
China Merchants Bank-Rosefinch Industry Best Choice Hybrid Securities Investment Fund	Others	0.39%	3,019,600				
GF Securities-Rosefinch Corporate Preferred Equity Fund	Others	0.26%	1,964,020				
National Social Security Fund Portfolio No. 1001	Others	0.25%	1,940,292				
Bank of Korea- Equity Fund	Foreign corporation	0.25%	1,936,100				
Related or acting-in-concert parties among shareholders above	<p>In April 2019, the shareholding structure of Building Developments Limited changed. MR. Xuning WANG, the controlling shareholder of the Company, became the controlling shareholder of Building Developments Limited (See Announcement No. 2019-027 of the Company on www.chinainfo.com.cn). As a result, 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>.</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						

2) Total Number of Preferred Shareholders and TOP 10 Preferred Shareholders and Their Shareholdings

Applicable Not applicable

3) Disclose the property rights and control relationship between the Company and the actual controller in block diagram form



5. Relevant Information on Corporate Bonds

Does the Company have any undue or unredeemed matured corporate bonds publicly offered in the Stock Exchange by the date the Annual Report is submitted

Yes No

Section III Important Issues

1. Equity distribution

On March 30, 2021, the Eighth Session of the Fifth Board of Directors of the Company considered and approved the proposal of profit distribution for the year 2020 as follows: a cash dividend of RMB10.0 per 10 shares (tax inclusive) to all shareholders based on the total shares of 767,169,000 as of December 31, 2020, deducting 136,000 restricted shares to be repurchased and canceled by the Company, i.e. 767,033,000 shares, 0 stock dividend (tax inclusive) and should no convert capital reserves into share capital. On June 17, 2021, the Company's 2020 Annual General Meeting of Shareholders considered and approved the above proposal. On July 7, 2021, the Company released the "Announcement on the Implementation of the 2020 Equity Distribution" (for details, please refer to the "Announcement on the Implementation of the 2020 Equity Distribution" (Announcement No. 2021-039) published on www.cninfo.com.cn on July 7, 2021): Based on the total existing shares of the Company of 767,033,000 shares, the Company distribute RMB10.000000 in cash to all the shareholders (tax inclusive; after deduction of tax, RMB9.000000 per 10 shares to Hong Kong market investors, QFII, RQFII and individuals and securities investment funds holding shares restricted for sale before the initial public offering) for every 10 shares. The distribution plan was executed on July 13, 2021.

2. 2021 Stock Option Incentive Plan

On March 30, 2021, the Company held the Eighth Session of the Fifth Board of Directors, and considered and approved the "Proposal on the 2021 Stock Option Incentive Plan (Draft) and its Overview", "Proposal on the Management Measures for the Implementation Evaluation of the 2021 Stock Option Incentive Plan of Joyoung Co. On March 30, 2021, the Company held

the Seventh Session of the Fifth Supervisory Committee, which considered and approved the "Proposal on the 2021 Stock Option Incentive Plan (Draft) of Joyoung Co. On April 12, 2021, the Company held the Eighth Session of the Fifth Supervisory Committee to consider and pass the "Proposal on the Review Opinion on the List of Incentive grantees of the Company's 2021 Stock Option Incentive Plan and the Public Announcement", etc. On April 16, 2021, the Company held the first Interim General Meeting of 2021 to consider and approve the "Proposal on the List of Incentive Subjects of the Company's 2021 Stock Option Incentive Plan". On April 29, 2021, the company held the Ninth Session of the Fifth Board of Directors and the Ninth Session of the Fifth supervisory committee, considered and passed the proposal on the first grant of stock options to the incentive grantees, and determined the first grant date of the stock options as April 29, 2021. On June 1, 2021, the registration of the first grant of the 2021 Stock Option Incentive Plan of the Company was completed.

3. Amendments to the Articles of Association

The Company amended the Articles of Association twice throughout the year, both due to the departure of the Company's restricted stock incentive grantees in 2018 and the Company's repurchase and cancellation of the restricted stock granted but not yet released from restriction of sale held by the departed incentive grantees, resulting in the reduction of the total share capital of the Company. In accordance with the Company Law of the People's Republic of China and the Securities Law (2019 Revision) currently in effect, the Company amended the Articles of Association regarding the registered capital and the total number of shares.

The Company held the Eighth Session of the Fifth Board of Directors on March 30, 2021 to consider and approve the Proposal on the Amendment of the Articles of Association, and held the 2020 Annual General Meeting on June 17, 2021 to consider and approve the Proposal on the Reduction of the Registered Capital of the Company and the Proposal on the Amendment of the Articles of Association [for details, please refer to the Resolutions of the Eighth Meeting of the Fifth Session of the Board of Directors (Announcement No. 2021-004) and Announcement of Resolutions of the 2020 Annual General Meeting of Shareholders (Announcement No. 2021-031)] published on www.cninfo.com.cn respectively on April 1st, 2021 and June 18, 2021. The revised Articles of Association and the Comparison Table of Amendments to the Articles of Association were published on www.cninfo.com.cn on 1 April 2021.

The Company held the Eleventh Session of the Fifth Board of Directors on June 22, 2021 to consider and approve the Proposal to Amend the Articles of Association of the Company, and held the Second Extraordinary General Meeting of 2021 on November 19, 2021 to consider and approve the Proposal to Reduce the Registered Capital of the Company and the Proposal to Amend the Articles of Association of the Company [for details, please refer to the Announcement of Resolutions of the Eleventh Meeting of the Fifth Session of the Board of Directors (Announcement No. 2021-033) and Announcement of Resolutions of the Second Extraordinary General Meeting of 2021 (Announcement No. 2021-050)] published on www.cninfo.com.cn on June 23, 2021 and November 20, 2021 respectively. The revised Articles of Association and the Comparison Table of Amendments to the Articles of Association are published on www.cninfo.com.cn on October 27, 2021.