

Ticker: 002242

Stock Abbreviation: Joyoung

Joyoung Co., Ltd. Abstract of the Annual Report 2022

Section I Important Statements

This is an abstract of the Annual Report 2022. Investors are suggested to read the complete version of the Annual Report 2022 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, and deducting the 4,000,000 shares repurchased by the Company, it is proposed that, based on a total of 763,017,000 shares, the Company should distribute a cash dividend of RMB 3.0 (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	Minxin MIAO		
Address	No.760 Yin Hai Street, Jianggan District, Hangzhou, Zhejiang Province		
Tel.	0571-81639178		
E-mail	002242@joyoung.com		

2. Business or Product Review in the Reporting Period

1) Small Home Appliance Industry in the Reporting Period

In 2022, China's Gross domestic product (GDP) exceeded 120 trillion yuan, an increase of 3% year-over-year despite multiple uncontrollable factors both at home and abroad. Among the world's major economies, China is the only one who achieved economic growth.

Last year was a milestone in the history of the Communist Party of China (CPC) and our country. We convened the 20th

National Congress of the CPC successfully and drew up a grand blueprint for comprehensively building a modern socialist country. Confronted with the complex and unpredictable international situation and arduous domestic tasks of continuing reform and development and maintaining stability, the entire Party and the Chinese people of all ethnic groups rose to the challenge and worked together. With their energy, overall economic stability was maintained and a new chapter in the development of socialist modernization, reform and opening up was wrote under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core.

Small home appliance industry has witnessed a whole process of upgrading and change including concept, manufacturing technology, sales channels and brand culture during the positive interplay between domestic and international economic flows.

According to AVC, the retail sales of kitchen small appliances including rice cooker, induction cooker, electric pressure cooker, soymilk maker, blender, electric mixer, juicer, electric kettle, frying machine, health pot, electric steam stew pot, tabletop single function oven, air fryer was 52.03 billion yuan, down 6.7% year-on-year while retail volume was 220.49 million units, down 12.7% year-on-year. Among which, the online market retail sales was 38.60 billion yuan, down 2.9% year-on-year and offline market retail sales was 13.43 billion yuan, down 16.0% year-on-year, but the average price of online and offline retail sales increased by 4.5% and 9.7% yoy respectively.

It shows that consumers' demand has changed from "0" to "1" to "1" to "N", and they are willing to pay a reasonable premium for higher quality, high value and easy-to-use products. For brand side, launching new and high-end products to stimulate consumers' demand seems to be an inevitable way to go amid growing signs of rebounding consumer environment.

In 2022, international commodity prices were still at a high level, bringing pressure on the production costs of companies. The rapid changes of the industry including the recovering offline market and fragmented online channel traffic also posed great challenges to the Company.

As a leading company in the domestic small home appliance industry, the Company will continue to focus on its main business, firmly establish its strategy, protect its own intellectual property rights and continue to innovate and break through in order to stand in the forefront of the industry.

2) Major business Engaged by the Company in the Reporting Period

In the Reporting Period, the Company continued to focus on the R&D, production, and sales of small household appliances. The Company mainly operated 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 continued to grow.

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

3) Core Competence Analysis

a. Brand Advantage

As a leader in the small home appliance industry, the Company has been focusing on the R&D, production and sales of kitchen appliances for 29 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", the Company strived to promote the rejuvenation of the brand

and bring products into the lives of young people in the new era through various original innovation-driven technologies. The Company mainly offered categories including soymilk maker, blender, rice cooker, air fryer, cookware, water purifier, electric steamer, boiling water pot, noodle maker, etc, some of these products continue to lead in the industry.

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. Shark China, a wholly-owned subsidiary of the Company is mainly responsible for the brand promotion and marketing of Shark brand in China, as well as the localization of product development and implementation, dedicated to the Chinese family customized multi-category household cleaning small appliances product solutions. It has wet and dry vacuum cleaner, foldable vacuum cleaner, robot vacuum, steam mop, electric mop, and hand-held vacuum.

b. Channel Advantage

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

In 2022, the domestic e-commerce platform landscape accelerated its evolution. The Company's traditional e-commerce business achieved steady development, and the content e-commerce channel represented by Tiktok grew at a high speed, and its marketing through short videos and live streaming effectively increased the use and purchase frequency of small kitchen appliances. These emerging communication and sales channels can better convey the great appearance, high-tech functions and better using experience of small home appliances to consumers, and provide a more suitable carrier for the synergistic development of the Company's online and offline business, as well as put forward higher requirements and targets.

In the face of the rapid development of content e-commerce, the Company further increased its attention to and investment in media platforms such as Tiktok, Xiaohongshu, Weibo and WeChat, and laid out and expanded corresponding online brand flagship stores and live broadcast rooms according to different categories, channels and customer groups, insisting on multi-platform, multi-timeslots and high-frequency online live broadcast, and devoting itself to realizing the shortest chain of sales.

Based on the original tens of thousands of sales terminals nationwide, the company's offline business continued to improve and optimize its sales network, continued to explore new retail business models, continued to promote the construction of space technology model terminals represented by Shopping Mall. The Company realized O2O integration development and high value conversion of consumers by combining with high-frequency, diversified and multi-platform online live broadcast, offline experience and digital operation, and realized accurate coverage of consumer groups in different circles with a three-dimensional and multi-level sales network.

c. Product Advantage

With the residents' desire for a better life, the quality of life and consumption capacity has been improving, giving rise to increased demand for high-quality, high value, integrated, intelligent and multifunctional small home appliances which could improve the user's ease of use and comfort. In the face of the needs of different people and scenarios, the Company has been insisting on the launch of products of excellent quality, thus users would like to recommend, then the value of the product and brand will be improved, and the Company could maintain a steady increase in market share.

During the reporting period, the Company focused on the space series products such as blenders with anti-bacteria material, three-dimensional hot air heating technology non-flip air fryer, 0 coating rice cooker with water film technology, water purifier with heating function and anti-bacteria material, Damowang frying pan and other products, which enhanced the brand

awareness.

The self-cleaning function of small appliances has become a necessary option for product optimization and upgrading, from the kitchen to the whole house, from the "hand washing free" blenders to the "one key self-cleaning" wet and dry vacuum cleaner, the company did well in consumer insight, grasped the mainstream upgrading direction of the wet and dry vacuum cleaner - sterilization, anti-bacteria and anti-odor, added automatic drying function and electrolysis of water to remove bacteria function.

From small kitchen appliances to small cleaning appliances, from making consumers eat healthy to live healthy, this is not only category expansion and technological innovation, but also the inheritance of brand genes "health and innovation" and company values to meet the people's aspirations for a better 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 2022, given the deep integration of online and offline channels, the Company continuously enhanced its digital operation 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 Tiktok, Xiaohongshu, WeChat, Weibo, as well as channel networks, 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 by the Internet are not only in the marketing side, but also in the product and supply side in terms of intelligence and integration. By implementing QMS and other management systems to do intelligent and digital manufacturing management, the Company may have more efficient production and do the quality management throughout the product life cycle, focus on each link of the process control and be committed to improving first pass yield and reducing product defect rate.

At the same time, running the supplier management digital platform SRM system can realize online management and data analysis of all supplier-related business, by MES system the Company can view the manufacturing process of suppliers in real time, combined with the use of WMS warehouse management and a series of modern information systems. By combining SRM and MES system with the company's internal quality management system, R&D management system, bidding management system, etc., the Company may achieve data interconnection and intelligent ecological integration of software and hardware.

4) Major Business Analysis

Revenue in 2022 was RMB 10,176.69 million, a decrease of 3.45% year on year; among which, revenue from some western appliances and food cooker increased significantly, revenue from food processors and other products maintained steady growth, and the Company's revenue mix has been diversified and optimized continuously.

For the year of 2022, operating costs narrowed down by 5.19% yoy to RMB 7,216.68 million. Gross profit margin

increased by 1.3 percentage points year on year.

Selling expenses amounted to RMB 1,592.59 million, up by 0.78% year on year, with sales expense ratio at 15.65%, up by 0.66 percentage points year on year; General and administrative expenses amounted to RMB 376.22 million, up by 7.26% year on year, with G&A ratio at 3.70%, up by 0.37 percentage points year on year; Research and development expenses amounted to RMB 390.13 million, up by 9.2% year on year. During the reporting period, the number of newly added patent applications was 1,797(including 216 patent applications for invention, 1,375 applications for utility model and 206 applications for appearance design), and as of the end of the reporting period, the Company owned a total of 11,648 patents (including 651 patents for invention, 9,518 patents for utility models and 1,479 patents for appearance design).

In 2022, total profit reached RMB583.42 million, representing a year-on-year decrease of 26.2%, and net profit attributable to shareholders was RMB529.50 million, representing a year-on-year decrease of 28.98%.

In 2022, net cash flow generated in operating activities was RMB 610.44 million, representing an increase of 1854.71% year-on-year, mainly contributed by the the increased realisation of trade receivables .

5) Outlook for the Company's Future Development

a. Analysis of the External Environment Faced by the Company

National industrial policy strongly supports the quality upgrade of home appliance consumption

During the reporting period, 13 ministries and commissions including the Ministry of Commerce issued "Several Measures on Promoting Green and Intelligent Home Appliance Consumption", in order to implement the decision and deployment of the Party Central Committee and the State Council, to make up for the shortcomings and weaknesses of the home appliance market, to open up the blockage of home appliance consumption, to meet the people's demand for low-carbon, green, intelligent and fashionable home appliance consumption upgrade, to stimulate home appliance and upstream and downstream related Industry development, to help stabilize the macro economy and better serve the construction of a new development pattern.

Coordinate the organization of home appliance consumption season, home appliance online shopping festival and other types of consumer promotion activities. Promote the integration of physical commerce and e-commerce platforms, carry out the first launch of new home appliances and first show experience activities, and create a new immersive, experiential and one-stop home appliance consumption scene. Improve the standard of green and intelligent home appliances, promote high-end quality certification of green home appliances, intelligent home appliances, the Internet of Things etc., so as to provide guidelines for green and intelligent home appliances consumption.

As the world's second largest economy, China has the world's largest and most potential consumer market in spite of the market uncertainty 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 marketshare 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 and find more chances in the necessity categories, taking user needs as the center. The company will enhance the success of product innovation through deeper consumer insights, driven by technological innovation, and provide better long-term high

stickiness services to users with higher product quality stability.

In 2023, in a rapidly changing and uncertain environment, although the consumer environment is positively warming, the competition and challenges remain unabated. The Company will pay more attention to the development of operational capability, sales capability and profitability, especially the improvement of refined operation capability. The Company will continue to develop our product portfolio of small kitchen appliances, small cleaning appliances, water appliances and cookware, and continue to explore the synergistic value of the 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 home appliances, especially the medium and high-end small home 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 brands/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, IP 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 which may have an impact on the Company's market share.

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.

ii. Management risks arising from product diversification

The Company has transformed its strategy and branding from "Joyoung=Soymilk Maker" to "Joyoung=Quality Small Home Appliance" and has formed a diversified product layout to explore a broader market space. However, at the same time,

the diversification of products will place higher requirements on the company's internal management, quality control, marketing, technology development and human resources. If the Company fails to improve the corresponding system in a timely manner and fails to properly equip the relevant professional talents, it will bring certain risks to the Company's operation.

To address the above risks, the Company will improve the quality of operation and management by using intelligent information management system, formulating scientific and feasible management system, introducing and training more professional talents, and improving internal reward and punishment mechanism.

iii. Risk of product quality problems

Since the use of home appliances is closely related to personal safety, especially the Company's main products directly affect consumers' food safety and home environment, the quality requirements for small home appliances will be more stringent.

After years of accumulation, the Company has established a set of complete and strict internal control process in quality control, and effectively prevent potential quality problems that may occur in the production process.

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

	2022	2021	YoY change(%)	2020
Operating revenues	10,176,687,797.39	10,540,473,926.06	-3.45%	11,223,747,609.01
Net Profit attributable to shareholders of the Company	529,501,433.89	745,601,463.86	-28.98%	940,080,034.27
Net profit attributable to shareholders of the Company before non-recurring gains and losses	547,248,312.25	596,777,184.42	-8.30%	680,410,546.02
Net cash flows from operating activities	610,442,582.65	-34,788,705.11	1,854.71%	2,009,298,071.00
Basic earnings per share (RMB Yuan /share)	0.70	0.97	-27.84%	1.23
Diluted earnings per share (RMB Yuan /share)	0.70	0.97	-27.84%	1.23
Weighted average return on net assets	13.75%	17.45%	-3.70%	23.83%
	As of 31 December, 2022	As of 31 December, 2021	YoY change(%)	As of 31 December, 2020
Total assets	7,074,762,950.69	8,516,380,670.95	-16.93%	9,134,826,691.51
Net assets attributable to shareholders of the Company	3,313,074,235.88	4,263,662,880.72	-22.30%	4,283,761,519.10

2) Main Accounting Data by Quarter

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Operating revenues	2,328,527,536.97	2,381,920,607.64	2,214,588,864.01	3,251,650,788.77
Net Profit attributable to shareholders	166,241,068.10	180,165,322.66	158,189,969.70	24,905,073.43

of the Company				
Net profit attributable to shareholders of the Company before non-recurring gains and losses	157,259,318.46	141,768,874.64	159,359,269.72	88,860,849.43
Net cash flows from operating activities	495,669,740.10	-31,636,676.41	445,780,927.94	-299,371,408.98

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

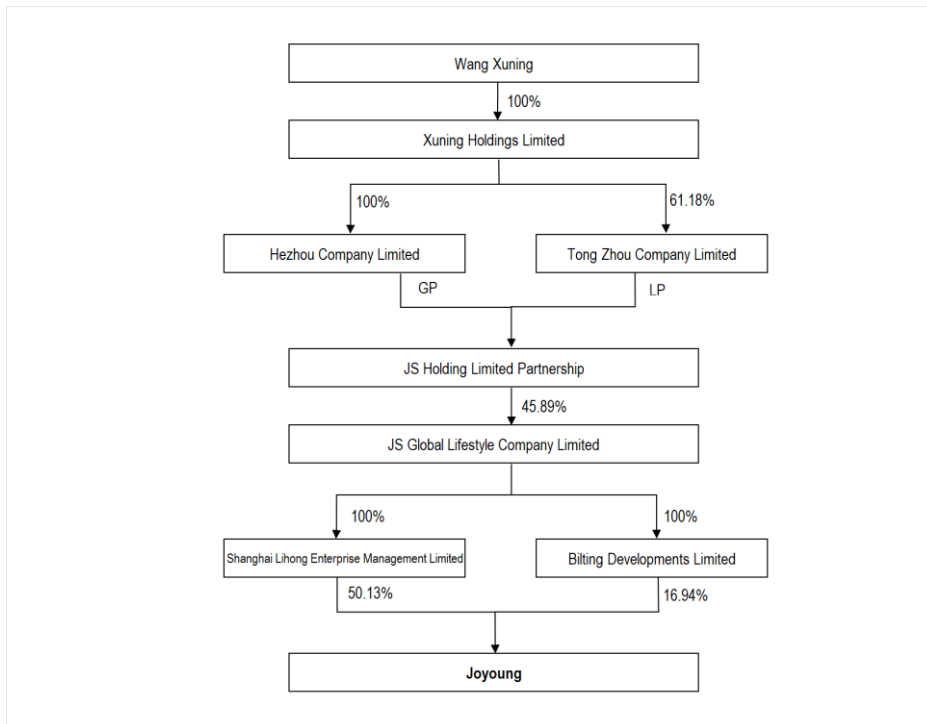
Total number of common shareholders at the end of the Reporting Period	40,605	Total number of common shareholders at the end of the previous month of the disclosure date of this report	33,899 (as of Feb 28 th , 2023)	Total number of preferred shareholders with resumed voting rights at the end of the Reporting Period	0	Total number of preferred shareholders with resumed voting rights at the end of the previous month of the disclosure date of this report	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	50.13%	384,523,746		pledged	307,618,897	
BILTING DEVELOPMENTS LIMITED	Foreign corporation	16.94%	129,924,090		pledged	103,939,172	
Hong Kong Securities Clearing Co., Ltd.	Foreign corporation	5.40%	41,436,868				
Joyoung ESOP Plan (Phase 1)	Others	2.09%	16,000,000				
Central Huijin Investment Ltd.	State-owned corporation	1.46%	11,201,233				
China Universal Fund - Social Security Fund Portfolio No.423	Others	1.17%	8,944,110				
Basic Pension Insurance Fund Portfolio No. 1001	Others	0.65%	5,001,435				
Hongde Fund -Ruixing Three-Year Holding Hybrid Portfolio-CMB	Others	0.50%	3,811,064				
China Universal Fund-Private Co.Hybrid Portfolio- ICBC	Others	0.40%	3,068,496				
CSI 500 Index Fund - ABC	Others	0.34%	2,622,982				
Related or acting-in-concert parties among shareholders above	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> . 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 common shareholders participating in securities margin trading (if any)	N/A
Notes on the existence of repurchase specialized accounts among the top 10 shareholders (if any)	The number of ordinary shares held in the repurchase specialized account of Joyoung Co., Ltd. at the end of the reporting period was 4,000,000 shares, accounting for 0.52% of the total share capital of the Company.

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. Dividend Payment

The Company held the fourteenth meeting of the fifth session of the Board of Directors on March 28, 2022, and considered and approved the dividend payment plan for 2021, based on the total share capital of 767,017,000 shares as of December 31, 2021, and proposed to distribute a cash dividend of RMB10 (including tax) for every 10 shares to all

shareholders, without stock dividend and without converting capital reserves into share capital. On April 22, 2022, the above proposal was considered and approved at the 2021 annual general meeting. During the period from the disclosure of the dividend payment plan to the implementation of the payment, the Company's share capital changed due to the share repurchase, and the actual dividend payment plan of the Company was: based on the Company's total shares of 767,017,000, and deducting the 3,074,800 shares repurchased by the Company, it was proposed that, based on a total of 763,942,200 shares, 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 dividend payment plan was executed on May 10, 2022.

At the 17th meeting of the 5th session of the Board of Directors held on August 28, 2022, the Company considered and approved the dividend payment plan for the mid-2022, based on the total share capital of 767,017,000 shares as of June 30, 2022 deducting 10,800,000 shares repurchased by the Company, it was proposed that, based on a total of 756,217,000 shares, the Company should distribute a cash dividend of RMB5.0 per 10 shares to all shareholders without stock dividend and without converting capital reserves into share capital. On September 28, 2022, the first extraordinary general meeting of the Company in 2022 considered and approved the above proposal. During the period from the disclosure of the dividend payment plan to the implementation of the payment, the Company's share capital changed due to the share repurchase. The actual dividend payment plan of the Company was as follows: based on the total share capital of 767,017,000 shares deducting 4,000,000 shares repurchased by the company, that was based on a total of 763,017,000 shares, a cash dividend of RMB5.0 (including tax) for every 10 shares would be distributed to shareholders, without stock dividend and without converting capital reserves into share capital. The payment was executed on November 18, 2022.

2. Share Repurchase

At the 13th meeting of the 5th Session of Board of Directors and the 2nd Extraordinary General Meeting of 2021, the Company considered and approved the "Plan on Repurchase of Part of the Public Shares" and disclosed the "Report on Repurchase of Shares" on November 27, 2021, in which the Company intended to use its own money not exceeding RMB 360 million to repurchase part of the public shares (A shares) of the Company at a price not exceeding RMB 30 yuan per share. The repurchased shares were expected to be not less than (including) 6 million shares and not more than (including) 12 million shares, accounting for 0.78%-1.56% of the total share capital of the company, and the repurchased shares would be used to implement the share incentive plan or employee stock ownership plan, and the repurchase period would not exceed 12 months from the date of approval by the shareholders' meeting. For details, please refer to the relevant announcements on CNInformation Website (<http://www.cninfo.com.cn>) and the "Report on Share Repurchase" (Announcement No. 2021-051) on Securities Times and China Securities Journal.

The Company's 2021 Annual General Meeting held on April 22, 2022 considered and approved the "Proposal on the Dividend Payment for the Year 2021" and disclosed the "Announcement on the Implementation of the Dividend Payment for the Year 2021" on April 29, 2022. According to the Report on Share Repurchase, the maximum price of the repurchased shares was adjusted from not more than RMB30 per share to RMB29 per share. The repurchase amount was expected to be approximately RMB 350 million based on the upper limit of 12 million shares and RMB 170 million based on the lower limit of 6 million shares, subject to the actual number of shares repurchased at the end of the repurchase period. Other contents remain unchanged. For details, please refer to the "Announcement on Adjustment of the Upper Limit of the Repurchase Price" (Announcement No. 2022-032) published in the Securities Times, China Securities Journal and CNInformation Website

(<http://www.cninfo.com.cn>) on June 1, 2022.

As of September 13, 2022, the Company repurchased 12,000,000 shares, accounting for 1.56% of the total share capital of the Company, at a maximum transaction price of RMB19.65 per share and a minimum transaction price of RMB14.68 per share, for a total transaction amount of RMB 204,080,639.52 (excluding transaction fees) through a special securities account for share repurchases. The number of shares repurchased by the Company reached the upper limit and the program has been finished.

3. Employee Stock Ownership Plan

On March 28, 2022, the Company held the Fourteenth Meeting of the Fifth Session of the Board of Directors to consider and adopt the "Proposal on the Phase I Employee Stock Ownership Plan (Draft)> and its Summary", "Proposal on the Management Measures of the Phase I Employee Stock Ownership Plan of Joyoung", "Proposal on the requesting of the shareholders' meeting to authorize the Board of Directors to handle matters related to the Phase I Employee Stock Ownership Plan of the Company". On 28 March 2022, the Thirteenth Meeting of the Fifth Session of the Supervisory Board of the Company considered and approved the "Proposal on the Phase I Employee Stock Ownership Plan (Draft)> and its Summary", "Proposal on the Management Measures of the Phase I Employee Stock Ownership Plan of Joyoung". A legal opinion was issued by Grandall Law Firm (Shanghai).

On April 1, 2022, the Company held the fifteenth meeting of the Fifth Session of the Board of Directors to consider and adopt the "Proposal on the Revised Draft of the Phase I Employee Stock Ownership Plan of Joyoung Co. and its Summary", "Proposal on the Revised Management Measures of the Phase I Employee Stock Ownership Plan of Joyoung", "Proposal on the requesting of the shareholders' meeting to authorize the Board of Directors to handle matters related to the Phase I Employee Stock Ownership Plan of the Company". The Independent Directors expressed their approval of the proposal. On April 1, 2022, the Fourteenth Meeting of the Fifth Session of the Supervisory Committee of the Company considered and approved the "Proposal on the Revised Draft of the Phase I Employee Stock Ownership Plan of Joyoung Co. and its Summary", "Proposal on the Revised Management Measures of the Phase I Employee Stock Ownership Plan of Joyoung". A legal opinion was issued by Grandall Law Firm (Shanghai).

On April 22, 2022, the 2021 Annual General Meeting of the Company considered and approved the "Proposal on the Revised Draft of the Phase I Employee Stock Ownership Plan of Joyoung Co. and its Summary", "Proposal on the Revised Management Measures of the Phase I Employee Stock Ownership Plan of Joyoung", "Proposal on the requesting of the shareholders' meeting to authorize the Board of Directors to handle matters related to the Phase I Employee Stock Ownership Plan of the Company".

The Employee Stock Ownership Plan uses "unit" as the subscription unit, the total number of units is 129 million, each unit is 1.00 yuan, the total amount of money raised by the Employee Stock Ownership Plan is 129 million yuan. The scope of the incentivised people includes part of directors, senior management and core management of the company (including subsidiaries), and the total number of incentivised people is expected to be no more than 30, and the specific number and list of incentivised people will be determined according to the company's selection and allocation and the actual participation of employees.

On October 18, 2022, the Company completed the purchase of all shares under the Employee Stock Ownership Plan and has bought a total of 8,000,000 shares of the Company in the secondary market accounting for 1.04% of the total share capital of the Company, with a total transaction amount of RMB121,068,322.09 (excluding transaction fees).

On 2 November 2022, the Company held the first holders' meeting of the Phase I Employee Share Ownership Plan and considered and passed the "Proposal on the Establishment of the Management Committee of the Phase I Employee Share Ownership Plan of the Company", "Proposal on the Election of Members of the Management Committee of the Phase I Employee Share Ownership Plan" and "Proposal on the Authorization of the Management Committee of the Phase I Employee Share Ownership Plan of the Company to Handle Matters Related to the Stock Ownership Plan"

On November 3, 2022, the Company received the "Confirmation of Securities Transfer Registration" from the Shenzhen Branch of China Securities Depository and Clearing Corporation, which showed that 8 million shares of the Company's stock held in the Company's specialized account for repurchase had been transferred to the specialized account of "Phase I Employee Stock Ownership Plan of Joyoung Co.". The transfer price was RMB1 per share.

As of November 4, 2022, the Employee Stock Ownership Plan has completed the purchase of shares in the secondary market and non-trading transfer, and the total number of shares held by the Employee Stock Ownership Plan is 16 million shares, accounting for 2.09% of the current total share capital of the Company.