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POU SHENG INTERNATIONAL (HOLDINGS) LIMITED
寶勝國際（控股）有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 3813)

FINAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2013

THE GROUP'S FINANCIAL HIGHLIGHTS

	For the year ended December 31, 2013	For the fifteen months ended December 31, 2012
Revenue *(US$'000)*	**1,777,187**	2,182,450
Operating profit *(US$'000)*	**17,310**	2,708
Loss attributable to owners of the Company *(US$'000)*	**(38,670)**	(69,151)
Basic loss per share *(US Cents)*	**0.72**	1.56

RESULTS

The directors (the "Directors") of Pou Sheng International (Holdings) Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2013 with comparative figures for the fifteen months ended December 31, 2012 as follow:

Consolidated Income Statement

For the year ended December 31, 2013

	Notes	**For the year ended December 31, 2013**	For the fifteen months ended December 31, 2012
		US$'000	*US$'000*
Revenue	3	**1,777,187**	2,182,450
Cost of sales		**(1,263,406)**	(1,538,014)
Gross profit		**513,781**	644,436
Other operating income and gains (losses)		**28,183**	35,944
Selling and distribution expenses		**(452,304)**	(573,673)
Administrative expenses		**(72,350)**	(103,999)
Operating profit		**17,310**	2,708
Finance costs		**(14,423)**	(22,772)
Finance income		**2,100**	5,210
Finance costs – net		**(12,323)**	(17,562)
Share of results of associates		**(172)**	313
Share of results of joint ventures		**(5,759)**	(13,768)
Other gains (losses)	4	**(29,699)**	(30,248)
Loss before taxation		**(30,643)**	(58,557)
Income tax expense	5	**(7,854)**	(9,860)
Loss for the year/period	6	**(38,497)**	(68,417)

	Note	**For the year ended December 31, 2013**	For the fifteen months ended December 31, 2012
		US$'000	*US$'000*
Attributable to:			
Owners of the Company		**(38,670)**	(69,151)
Non-controlling interests		**173**	734
		(38,497)	(68,417)
Loss per share			
– basic	7	**US0.72 cent**	US1.56 cents
– diluted		**US0.72 cent**	US1.56 cents

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2013

	For the year ended December 31, 2013	For the fifteen months ended December 31, 2012
	US$'000	*US$'000*
Loss for the year/period	**(38,497)**	(68,417)
Other comprehensive income		
An item that will not be reclassified subsequently to profit or loss		
Exchange difference arising on translation	**17,895**	28,493
Total comprehensive expense for the year/period	**(20,602)**	(39,924)
Attributable to:		
Owners of the Company	**(20,758)**	(41,058)
Non-controlling interests	**156**	1,134
	(20,602)	(39,924)

Consolidated Statement of Financial Position
At December 31, 2013

	Note	**2013**	2012
	Note	***US$'000***	*US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**95,697**	124,449
Deposit paid for acquisition of property, plant and equipment		**383**	470
Prepaid lease payments		**24,476**	24,466
Rental deposits and prepayments		**19,729**	23,159
Intangible assets		**118,201**	134,031
Goodwill		**82,977**	82,977
Interest in an associate		**2,550**	2,611
Loan to an associate		**–**	2,407
Interests in joint ventures		**13,561**	19,373
Loans to joint ventures		**23,063**	30,491
Long-term loan receivables		**8,246**	827
Available-for-sale investment		**–**	–
Deferred tax assets		**2,932**	4,051
		391,815	449,312
CURRENT ASSETS			
Inventories		**631,595**	591,670
Trade and other receivables	8	**349,439**	323,233
Derivative financial instruments		**–**	–
Taxation recoverable		**1,323**	6,033
Structured bank deposit		**2,144**	–
Bank balances and cash		**61,424**	128,488
		1,045,925	1,049,424
Assets classified as held for sale		**22,067**	1,674
		1,067,992	1,051,098

Consolidated Statement of Financial Position
At December 31, 2013

	Note	2013 US$'000	2012 US$'000
CURRENT LIABILITIES			
Trade and other payables	9	**221,949**	193,259
Taxation payable		**5,173**	6,867
Bank overdrafts		**20,220**	–
Bank borrowings		**197,382**	313,040
		444,724	513,166
Liabilities associated with assets classified as held for sale		**16,850**	–
		461,574	513,166
NET CURRENT ASSETS		**606,418**	537,932
TOTAL ASSETS LESS CURRENT LIABILITIES		**998,233**	987,244
NON-CURRENT LIABILITIES			
Bank borrowings		**50,000**	14,247
Consideration payable for acquisition of business		**18,016**	17,980
Deferred tax liabilities		**33,285**	36,945
		101,301	69,172
NET ASSETS		**896,932**	918,072
CAPITAL AND RESERVES			
Share capital		**6,909**	6,850
Reserves		**874,005**	894,873
Equity attributable to owners of the Company		**880,914**	901,723
Non-controlling interests		**16,018**	16,349
TOTAL EQUITY		**896,932**	918,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

During the previous financial year, the financial year end date of the Company and the Group has been changed from September 30 to December 31 to align the financial year end dates of the Company's subsidiaries that are established in the People's Republic of China (the "PRC"), which are required under relevant laws to close their accounts with the financial year end on December 31. Accordingly, the current accounting period covers a period of twelve months from January 1, 2013 to December 31, 2013, while the corresponding comparative amounts shown for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a period of fifteen months from October 1, 2011 to December 31, 2012 and are therefore not entirely comparable with those of the current year.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10 "Consolidated Financial Statements"

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. January 1, 2013) as to whether or not the Group has control over its investees in accordance with the new definition of control and the related guidance set out in HKFRS 10. The Directors of the Company concluded that it has had control over the investees which are consolidated into the consolidated financial statements before the application of HKFRS 10. The adoption of HKFRS 10 has therefore had no material effect on the amounts reported in the consolidated financial statements.

Impact of the application of HKFRS 11 "Joint Arrangements"

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC) – Int 13 "Joint Controlled Entities – Non-Monetary Contributions by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors of the Company reviewed and assessed the classification of the Group's investments in the joint arrangements in accordance with the requirements of HKFRS 11. The Directors concluded that the Group's investment in each of the joint arrangements, each of which was classified as a jointly controlled entity under HKAS 31 and was accounted for using the equity method, should be classified as a joint venture under HKFRS 11 and continue to be accounted for using the equity method. The adoption of HKFRS 11 has therefore had no material effect on the amounts reported in the consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about fair value measurement. The scope of HKFRS 13 is broad and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" may be renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". However, since the new terminology under amendments to HKAS 1 is not mandatory and the Directors of the Company determine to remain the titles of "statement of comprehensive income" and "income statement" unchanged.

In addition, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to income statement; and (b) items that may be reclassified subsequently to income statement when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The adoption of other new or revised HKFRSs has had no material effect on the amounts reported in the consolidated financial statements or disclosures set out in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after January 1, 2014.

2 Effective for annual periods beginning on or after July 1, 2014.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after July 1, 2014, with limited exceptions.

5 Effective for first annual HKFRS financial statements beginning on or after January 1, 2016.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedged accounting.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

HKFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

The Directors anticipate that, based on the financial instruments of the Group as at December 31, 2013, the adoption of HKFRS 9 will have no material effect on the Group's financial assets and financial liabilities based on the analysis of the Group's financial assets and financial liabilities as at December 31, 2013.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment Entities"

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after January 1, 2014, with early application permitted. The Directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

Amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

Other than the above, the Directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENTAL INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the board of directors of the Company, for the purpose of resource allocation and performance assessment, as set out below for which discrete financial information is available.

(i) retailing of sportswear products and footwear products and commissions from leasing of large scale commercial spaces to retailers and distributors for concessionaire sales ("Retail Business");

(ii) distribution of licensed sportswear products and footwear products ("Brand Licensee Business"); and

(iii) manufacturing and sales of OEM footwear products and sportswear products ("Manufacturing Business").

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended December 31, 2013

	Retail Business	Brand Licensee Business	Manufacturing Business	Segment total	Eliminations	Consolidated
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
REVENUE						
External sales – sportswear and footwear products	**1,688,571**	**24,027**	**50,656**	**1,763,254**	**–**	**1,763,254**
External sales – commissions from concessionaire sales	**13,933**	**–**	**–**	**13,933**	**–**	**13,933**
Inter-segment sales*	**–**	**11,269**	**325**	**11,594**	**(11,594)**	**–**
Total segment revenue	**1,702,504**	**35,296**	**50,981**	**1,788,781**	**(11,594)**	**1,777,187**
RESULTS						
Segment results	**32,664**	**3,776**	**(18,759)**	**17,681**	**424**	**18,105**
Reconciling items:						
Central administrative expenses						**(795)**
Finance costs – net						**(12,323)**
Share of result of an associate						**(172)**
Share of results of joint ventures						**(5,759)**
Other gains (losses)						**(29,699)**
Loss before taxation						**(30,643)**

Segment revenue and results

For the fifteen months ended December 31, 2012

	Retail Business US$'000	Brand Licensee Business US$'000	Manufacturing Business US$'000	Segment total US$'000	Eliminations US$'000	Consolidated US$'000
REVENUE						
External sales – sportswear and footwear products	1,962,277	73,822	129,801	2,165,900	–	2,165,900
External sales – commissions from concessionaire sales	16,550	–	–	16,550	–	16,550
Inter-segment sales*	–	21,117	–	21,117	(21,117)	–
Total segment revenue	1,978,827	94,939	129,801	2,203,567	(21,117)	2,182,450
RESULTS						
Segment results	21,054	(16,568)	3,376	7,862	(567)	7,295
Reconciling items:						
Central administrative expenses						(4,587)
Finance costs – net						(17,562)
Share of results of associates						313
Share of results of joint ventures						(13,768)
Other gains (losses)						(30,248)
Loss before taxation						(58,557)

* Inter-segment sales are charged at prevailing market rates.

Segment results represent profit (loss) earned (incurred) by each segment without absorption of reconciling items, details of which are set out above. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. OTHER GAINS (LOSSES) ARISING OTHER THAN OPERATING ACTIVITIES

	For the year ended December 31, 2013 *US$'000*	For the fifteen months ended December 31, 2012 *US$'000*
Impairment loss on property, plant and equipment	**(5,640)**	–
Impairment loss of intangible assets	**(11,025)**	(8,485)
Impairment loss of interest in an associate	**–**	(3,040)
Impairment losses of interests in joint ventures	**(585)**	(6,305)
Impairment losses on loans to joint ventures	**(8,345)**	–
Impairment loss on consideration receivable for disposal of properties	**(4,061)**	–
Fair value loss on consideration payable for acquisition of business	**(43)**	(2,085)
Fair value loss on derivative financial instruments	**–**	(20,916)
Gain on deemed disposal of a joint venture	**–**	5,898
Gain on disposal of properties	**–**	4,685
	(29,699)	(30,248)

5. INCOME TAX EXPENSE

	For the year ended December 31, 2013 *US$'000*	For the fifteen months ended December 31, 2012 *US$'000*
Taxation attributable to the Company and its subsidiaries:		
Current year:		
Hong Kong Profits Tax *(note i)*	**–**	721
PRC Enterprise Income Tax ("EIT") *(note ii)*	**10,783**	14,101
Overseas income tax *(note iii)*	**1,762**	2,751
	12,545	17,573
(Over) underprovision in prior years:		
Hong Kong Profits Tax	**42**	–
PRC EIT	**(1,355)**	(196)
Overseas income tax	**56**	166
	(1,257)	(30)
Current tax charge – total	**11,288**	17,543
Deferred tax credit	**(3,434)**	(7,683)
	7,854	9,860

notes:

(i) Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (fifteen months ended December 31, 2012: 16.5%) of the estimated assessable profit for the year/period.

(ii) PRC

PRC EIT is calculated based on the statutory rate of 25% of the assessable profit for those subsidiaries established in the PRC, as determined in accordance with the relevant income tax rules and regulations in the PRC, except as follows:

(a) Pursuant to the relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction in the applicable tax rate for the next three years. These tax holidays and concessions were expired in 2012.

For entities which were entitled to unutilised tax holidays (including two-year exemption and three-year half rate) under the then existing preferential tax treatments, the unutilised tax holiday are allowed to be carried forward to future years until their expiry. However, if an entity did not commence its tax holiday due to its loss position, the tax holiday is deemed to commence from 2008 onwards. Certain PRC subsidiaries were loss-making up to 2008, their tax holidays are therefore deemed to commence in 2008.

(b) Pursuant to 《財政部、國家稅務總局、海關總署關於西部大開發稅收優惠政策問題的通知》 (Caishui 2001 No. 202), the relevant state policy and with approval obtained from tax authorities in charge, certain subsidiaries which are located in specified provinces of Western China and engaged in a specific state-encouraged industry were subject to a preferential tax rate of 15% during the period from 2001 to 2010 when the annual revenue from the encouraged business exceeded 70% of its total revenue in a fiscal year. Such preferential tax treatment is further extended for a period of ten years from 2011 to 2020 on the condition that the enterprise must be engaged in state-encouraged industries as defined under the "Catalogue of Encouraged Industries in the Western Region" (the "Catalogue") pursuant to 《財政部、海關總署、國家稅務總局關於深入實施西部大開發戰略有關稅收政策問題的通知》 (Caishui 2011 No. 58) issued in 2011. The Directors of the Company consider that the relevant subsidiaries are engaged in the state-encouraged industries under the Catalogue and continue to enjoy the preferential tax rate of 15% in both 2012 and 2013.

(iii) Overseas

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

6. LOSS FOR THE YEAR/PERIOD

	For the year ended December 31, 2013	For the fifteen months ended December 31, 2012
	US$'000	*US$'000*
Loss for the year/period has been arrived at after charging (crediting):		
Directors' and chief executive's emoluments	**708**	1,343
Retirement benefit scheme contributions, excluding directors and the chief executive	**18,212**	20,523
Equity-settled share-based payments, excluding directors and the chief executive	**(51)**	2,122
Other staff costs	**154,379**	209,311
Total staff costs	**173,248**	233,299
Auditor's remuneration	**542**	541
Depreciation of property, plant and equipment	**34,197**	43,949
Allowance for inventories, net	**7,078**	1,088
Release of prepaid lease payments	**657**	800
Amortisation of intangible assets (included in selling and distribution expenses)	**8,215**	10,083
Costs of inventories recognised as an expense	**1,263,406**	1,538,014
Research and development expenditure recognised as an expense	**2,855**	3,596
Share of taxation of associates (included in share of results of associates)	**9**	191
Share of taxation of joint ventures (included in share of results of joint ventures)	**162**	(2,041)

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	For the year ended December 31, 2013	For the fifteen months ended December 31, 2012
	US$'000	*US$'000*
Loss:		
Loss for the year/period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(38,670)**	(69,151)

	For the year ended December 31, 2013	For the fifteen months ended December 31, 2012
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**5,378,908,615**	4,426,441,854

The computation of diluted loss per share for the year/period does not assume the exercise of the Company's share options because the exercise prices of those options were higher than the average market price of the shares for the year/period.

8. TRADE AND OTHER RECEIVABLES

	2013	2012
	US$'000	*US$'000*
Trade receivables	**165,392**	177,148
Deposits, prepayments and other receivables	**184,047**	146,085
	349,439	323,233

The Group generally allows an average credit period of 30 days to 60 days which are agreed with each of its trade customers. The aged analysis of the Group's trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates, is as follows:

	2013	2012
	US$'000	*US$'000*
0 – 30 days	**133,421**	164,176
31 – 90 days	**24,701**	10,317
Over 90 days	**7,270**	2,655
	165,392	177,148

9. TRADE AND OTHER PAYABLES

	2013	2012
	US$'000	*US$'000*
Trade payables	**98,912**	53,742
Bills payables	**387**	542
Other payables	**122,650**	138,975
	221,949	193,259

The aged analysis of the Group's trade and bills payables, presented based on invoice date at the end of the reporting period, is as follows:

	2013	2012
	US$'000	*US$'000*
0 – 30 days	**97,769**	51,748
31 – 90 days	**838**	1,745
Over 90 days	**692**	791
	99,299	54,284

The average credit period for payment of purchases of goods is ranging from 30 days to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

FINAL DIVIDEND

The Directors do not propose any final dividend for the year ended December 31, 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, May 28, 2014 to Friday, May 30, 2014, both days inclusive, during which period no transfer of the Company's shares will be registered. In order to establish the identity of the Company's shareholders who are entitled to attend and vote at the annual general meeting of the Company to be held on Friday, May 30, 2014 all transfer of the shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer agent in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Tuesday, May 27, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR AND COMPARATIVE ANALYSIS

The Group has completed its first fiscal year after the change of its financial year end date from September 30 to December 31 in order to coincide the statutory financial year end date of the Company's subsidiaries established in the PRC. Accordingly, the current accounting period covers a period of twelve months from January 1, 2013 to December 31, 2013, while the corresponding period in last year cover a period of fifteen months from October 1, 2011 to December 31, 2012 and are therefore not entirely comparable with those of the current year.

To allow for meaningful analysis and comment, the Group has compiled an unaudited consolidated income statement covers a period of twelve months from January 1, 2012 to December 31, 2012 (the "Calendar year 2012"). Discussion and analysis in this section will be based on a comparison of the current year audited figures against the Calendar year 2012.

Below is a summary version of the consolidated income statement showing side by side the audited figures of 2013 and the unaudited Calendar year 2012:

	For the year ended December 31, 2013 ***US$'000*** **(audited)**	For the twelve months ended December 31, 2012 *US$'000* (unaudited)
Revenue	**1,777,187**	1,753,351
Cost of sales	**(1,263,406)**	(1,235,817)
Gross profit	**513,781**	517,534
Other operating income and gains (losses)	**28,183**	21,155
Selling and distribution expenses and administrative expenses	**(524,654)**	(545,011)
Operating profit (loss)	**17,310**	(6,322)
Finance costs – net	**(12,323)**	(15,547)
Share of results of associates and joint ventures	**(5,931)**	(11,367)
Other gains (losses)	**(29,699)**	(34,118)
Loss before taxation	**(30,643)**	(67,354)
Income tax expenses	**(7,854)**	(9,027)
Loss for the year/period	**(38,497)**	(76,381)
Attributable to:		
Owners of the Company	**(38,670)**	(77,165)
Non-controlling interests	**173**	784
	(38,497)	(76,381)

BUSINESS REVIEW

The Group was involved in three categories of businesses. The retail business encompassed the sales of a broad range of international brand sportswear products including footwear, apparel and accessories, to end customers through our directly operated retail outlets, or on a wholesale basis to sub-distributors, who in turn sold these items to end consumers through their respective retail outlets. As at December 31, 2013, the Group had 3,665 directly operated retail outlets and 2,263 retail sub-distributors. Within the network of the regional joint ventures, there were 755 directly operated retail outlets and 633 retail sub-distributors.

The Group also continued to operate the brand licensee business. The brand licensee agreements we have entered into typically grant us exclusive rights to design, develop, manufacture, market and distribute, and the flexibility to set retail prices for the brand products at the designated locations for specified periods of time. On December 31, 2013, the brand licensee arrangement for Converse in Taiwan and for Reebok in the PRC has expired and early terminated respectively. At present, we remain as the brand licensee for Hush Puppies in Taiwan until December 31, 2015.

During the year the Group was also in the manufacturing business, making OEM/ODM products for the domestic brands such as Li Ning and 361°. Aimed to allocate the corporate resources for the continual future developments of its retail business, the management decided to gradually close down the manufacturing business.

FINANCIAL REVIEW

For the financial year, the Group recorded revenue of US$1,777.2 million, representing an increase of US$23.8 million or 1.4% as compared with the Calendar year 2012. For gross profit, the Group recorded US$513.8 million which was slightly below the same period last year. With regards to operating profit, the Group earned the sum of US$17.3 million a significant improvement against the operating loss of US$6.3 million recognized in the Calendar year 2012. The loss attributable to owners of the Company in the current year was US$38.7 million, which was 49.9% smaller than the loss attributable to owners of the Company of US$77.2 million in Calendar year 2012.

REVENUE

Total revenue for the Group increased by 1.4% to US$1,777.2 million for the year ended December 31, 2013 (Calendar year 2012: US$1,753.4 million). The increase was due to growth in the retail business' sales that offset the decline experienced in sales of the brand licensee business and the manufacturing business.

Retail Business

The retail business reported revenue of US$1,702.5 million, an increase of 6.4% compared with the same period last year. This was primarily due to the improvement in store efficiency within the distribution network.

Brand Licensee Business

Certain brand licensee business' agreements had matured or early terminated in 2012, such as the one for Converse concerning Hong Kong and Macau and for Hush Puppies in the PRC. The early termination of the brand licensee agreement with Reebok for the PRC region in the current year also lowered revenue. As a result, brand licensee business experienced a decline in revenue to US$24 million, representing a drop of 59.3% compared with Calendar year 2012.

Manufacturing Business

Revenue for the manufacturing business fell to US$50.7 million, a drop 46% compared with Calendar year 2012. In line with the previous year, orders from domestic brand customers continued to decline. At the end of 2013, management decided to transfer of two subsidiaries' equity interest and the equipment of this business to Yue Yuen Industrial (Holdings) Limited.

GROSS PROFIT

Gross profit for the Group amounted to US$513.8 million. Gross profit margin was 28.9%. Both gross profit and gross profit margin were just somewhat lower than the Calendar year 2012.

SELLING AND DISTRIBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

Selling and distribution expenses and administrative expenses of the Group for the year were in aggregate US$524.7 million, representing 29.5% of total revenue and a decrease of 1.6 percentage point compared with the same period last year. Throughout the year management has been focusing on better utilization of existing resources. Programs implemented by management to control expenses and save on costs yielded results.

OPERATING PROFIT (LOSS)

The Group operating profit margin for the year was 1%, operating profit was US$17.3 million, an improvement compared with the operating loss of US$6.3 million in the Calendar year 2012.

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

Most joint ventures were involved in the sales of domestic brand products and thus continued to be affected by the excess inventory issues surrounding these brands in the PRC market during the year. Discounting and proactive promotion continued to be necessary so that the share of results of associates and joint ventures incurred loss of US$5.9 million for the financial year. For the same period last year, the loss from these categories was US$11.4 million.

OTHER GAINS (LOSSES) ARISING OTHER THAN OPERATING ACTIVITIES

The Group incurred various gains (losses) from a variety of situations amounting the net loss of US$29.7 million in the current year. Some of the key categories leading to impairment were 1) loss of fixed assets in the manufacturing business US$5.6 million; 2) loss of intangible assets US$11 million; 3) losses on loans to joint ventures US$8.3 million and 4) loss on consideration receivable for disposal of properties US$4.1 million. Other gains (losses) in Calendar year 2012 were losses US$34.1 million.

LOSS FOR THE YEAR

Due to the aforementioned reasons, loss of the Group for the year of US$38.5 million which was smaller than the loss of US$76.4 million in the Calendar year 2012.

WORKING CAPITAL EFFICIENCY

The average inventory turnover period for the year was 177 days (Calendar year 2012: 153 days). The longer inventory turnover period was partly due to the necessary accumulation of stock for newly opened stores and the slower consumer spending during the year. The Group continues to devise approaches to minimizing inventory so as to optimize working capital levels. The average trade receivables turnover period was 35 days (Calendar year 2012: 36 days), which remained consistent with the credit terms of 30 to 60 days that the Group gives to its department store counters and retail distributors. The average trade and bills payables turnover period was 22 days (Calendar year 2012: 20 days).

LIQUIDITY AND FINANCIAL RESOURCES

As at December 31, 2013, the Group's cash and cash equivalents were US$63.6 million (December 31, 2012: US$128.5 million) and working capital (current assets minus current liabilities) was US$606.4 million (December 31, 2012: US$537.9 million). Our total bank borrowings decreased by 18.2% to US$267.6 million from US$327.3 million as at December 31, 2012, of which US$217.6 million was repayable within one year and US$50 million was repayable after one year but not exceeding two years. The Group's current ratio was 231% (December 31, 2012: 205%). The gearing ratio (total borrowings to total equity) was 30% (December 31, 2012: 36%)

During the year, net cash generated from operating activities was US$29.8 million. The Group believes its liquidity requirements will be satisfied with a combination of capital generated from operating activities and bank borrowings in the future. Net cash used in investing activities was US$14.8 million, of which US$18.9 million was used to purchase of property, plant and equipment. Net cash used in financing activities was US$102.5 million. During the year, the Group raised and repaid bank borrowings of US$349.5 million and US$433.5 million respectively.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2013, the Group has capital commitments of US$11.6 million in respect of acquisition of the remaining interests in a joint venture. In addition, the Group had contingent liabilities of US$3.8 million in relation to guarantee given to bank in respect of banking facilities granted to a joint venture.

FOREIGN EXCHANGE

The Group conducted its business primarily in the PRC with substantially all of its transactions denominated and settled in Renminbi. An appreciation or depreciation between US dollars and Renminbi may result in an exchange difference arising on translation which is recognized either as other comprehensive income or expense in the consolidated statement of comprehensive income as US dollar is used as our reporting currency. As at December 31, 2013, the Group had no significant hedge for the foreign exchange.

BUSINESS MODE

The operating environment for the Group will be challenging during the course of 2014. Various headwinds continue to affect the sportswear industry in both the apparel and footwear categories. First, the global economy is just starting to recover, with North America showing signs of stabilization but with Europe on the other hand still in the just showing initial signs of improvement. The soft state of the global economy means the PRC continues to experience weaker demand for its goods and services. The change in leadership in the PRC has led to a change in expectations and policies, and unexpectedly there has also been an extended slowdown in consumption. The willingness to consume is expected to improve in the second half of the year but could be diminished if new uncertainties arise. The sportswear industry has many participants, some of whom are still operating with much excess capacity and inventory. Before the excess capacity and inventory are digested, the industry will still experience sporadic periods of discounting that will adversely affect the margins and profitability of market participants.

The Group continues to pursue its goal of becoming a leading retailer in the sportswear industry and to be the best partner of international athletic brands in the PRC. The Group is a leading distributor of international brand athletic apparel and footwear in the first and second tier cities, reaching out to consumers either by selling to them through directly owned stores, or by wholesaling products to sub-franchisees through their stores that sell athletic apparel and footwear to consumers. Previously the Group pursued a high growth strategy by acquiring other retail chains and opening new retail outlets whenever possible. Going forward, the Group will focus on improving the efficiency of the existing sales network using a combination of techniques. The Group works closely with the brands to 1) help them understand the changing tastes of consumers in the PRC so that they can develop effective marketing campaigns and 2) help them make appropriate estimates of the sell-through capacity for the market to allow for better management of inventories. For the operation of the stores, various restructuring efforts have taken place. More effective monitoring of key performance indicators

has been implemented to assess store efficiency and profitability. The improvements in store efficiency and profitability are achieved through a) the better management of human resources; b) broader integration and optimization of information technology and logistics; and c) more timely information to determine the better selling items and to take action to acquire those products with good sell through.

Our present scale, derived from organic expansion and acquisitions, makes us one of the key national retailers for a number of international brands, such as Nike and Adidas. To maintain our advantage, we will closely observe the behavior of consumers in the PRC, making sure we understand their sophistication and desires. Besides constantly assessing our portfolio mix to ensure we have the best portfolio of brands, we will also expand our capabilities to 1) distribute outdoor performance branded apparel and footwear; 2) establish over time a multi-brand store format for selected stores to capture consumer spending in a more effective manner; and 3) establish e-commerce platforms to facilitate off-line and on-line connection with consumers.

In addition, for our brand licensee business, apart from sports brands, the Group will also pursue opportunities among outdoor leisure brand business to benefit from markets trends and enrich its business portfolio so as to develop another avenue for sales growth. The Group continues to explore collaboration opportunities with foreign brands that a) allow for the development of brand strength; b) offer a broad range of products; and c) provide sufficient flexibility so that suitably designed products will be created that fulfill the specific needs of consumers in the PRC market.

PROSPECTS

The Group is optimistic about the long-term future of the sports industry as consumers in the PRC are aware physical activity is an important component for maintaining good health, rising incomes will likely encourage the consumption of sportswear and in general there are signs of greater sports participation by consumers. We believe that with the World Cup taking place this year, the Olympics and the European Cup being held in 2016, increasing number of marathon activities across China and the growing consciousness of consumer in personal fitness, consumers in the PRC will develop greater enthusiasm to purchase sportswear. These sports events should bring about a new cycle of sales growth for the sportswear industry. The key international athletic brands and the Group are working hand in glove to effectively manage and create demand while keeping a watchful eye over consumer behavior related to the fast retailing brands. Appropriate product differentiation and segmentation are needed to ensure that consumers understand the superior features of “performance” athletic or casual products as compared with fast retailing “fashion” products.

We believe that 2014 will be a year of gradual improvement for the Group and that even better times will be achievable in financial year 2015 for the Group.

HUMAN RESOURCES

As at December 31, 2013, the Group had about 22,400 employees. The Group periodically reviews the performance of its employees so as to be able to conduct annual salary reviews and promotion appraisals. In order to remain competitive in the labor market, the Group makes references to the remuneration packages offered by other industry players. In addition, it also provides other fringe benefits, such as social insurance, mandatory provident funds, medical coverage and training programs to employees based on their respective personal career development.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF ACCOUNTS

Disclosure of financial information in this announcement complies with Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and in the course have discussed with the management, the internal controls and financial reporting matters related to the preparation of the audited financial statements for the year ended December 31, 2013.

CORPORATE GOVERNANCE

During the year ended December 31, 2013, the Company has applied the principles of and has complied with all code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by Directors. All Directors have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code throughout the year ended December 31, 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.pousheng.com) and the designated issuer website of Stock Exchange (www.hkexnews.hk). The annual report 2013 of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

ACKNOWLEDGEMENT

I would like to take this opportunity to express our sincere appreciation of the support from our customer, suppliers and shareholders. I would also like to thank my fellow Directors for their valuable contribution and the staff of the Group for their commitment and dedicated services throughout the year.

By Order of the Board
Tsai David, Nai Fung
Chairman

Hong Kong, March 26, 2014

As at the date of this announcement, Mr. Tsai David, Nai Fung is the Chairman and Non-executive Director; Mr. Kwan, Heh-Der is the Chief Executive Officer and Executive Director; Mr. Wu, Pan-Tsu is the Executive Director; Ms. Tsai Patty, Pei Chun and Mr. Li I-nan are the Non-executive Directors; and Mr. Chen Huan-Chung, Mr. Chang Li Hsien, Leslie and Mr. Hsieh, Wuei-Jung are the Independent Non-executive Directors.

Website: www.pousheng.com