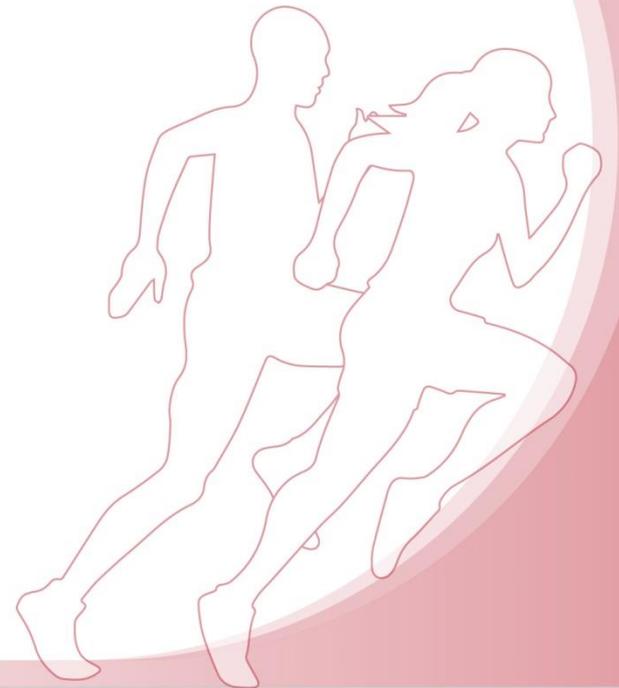




Pou Sheng International 2021 Annual Results

15 Mar 2022



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昆山市人民政府

承办单位：
经济技术开发区管委会
昆山市文体广电旅游局
昆山市台办

KUNSHAN
2020 MARATHON
海峡两岸（昆山）马拉松



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Pou Sheng Financial Highlights (in RMB)



	FY 2021		FY 2020		Y-o-Y	
	RMB'mn	%	RMB'mn	%	%	ppt
Revenue	23,350	100.0	25,611	100.0	-8.8	--
Cost of Sales	(15,051)	-64.5	(17,785)	-69.4	-15.4	+4.9
Gross Profit	8,299	35.5	7,826	30.6	+6.0	+4.9
SG&A	(7,829)	-33.5	(7,505)	-29.3	+4.3	-4.2
Other Income & Expenses, net	458	2.0	340	1.3	+34.7	+0.7
Operating Profit	928	4.0	661	2.6	+40.4	+1.4
Finance Cost*, net	(175)	-0.8	(233)	-0.9	-24.9	+0.1
Share of Results of JV	(163)	-0.7	16	0.1	N/A	-0.8
Other Losses	(16)	-0.1	(11)	-0.1	+45.5	0.0
Income Tax	(198)	-0.8	(118)	-0.5	+67.8	-0.3
Profit for the Period	376	1.6	315	1.2	+19.4	+0.4
Profit attrib. to Owners of PS	357	1.5	303	1.2	+17.8	+0.3

Source: Based on Pou Sheng's announcement on the HKEX website for the audited consolidated income statements of FY2021 & FY2020

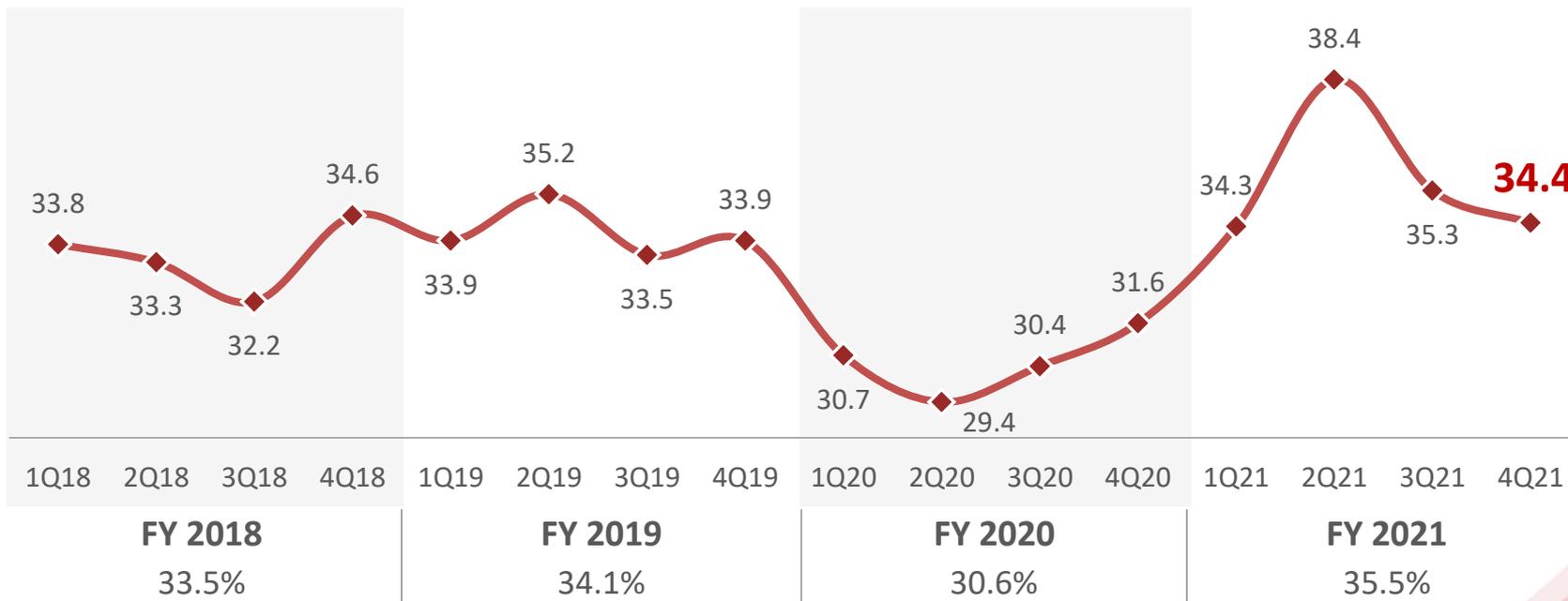
* Finance cost in FY21 decreased by 39.3% if excludes interest expenses on lease liabilities which amounted to RMB 134.9mn (FY20: RMB 139.9mn)

Pou Sheng GP Margin Trend



(%)

◆ Gross Profit Margin

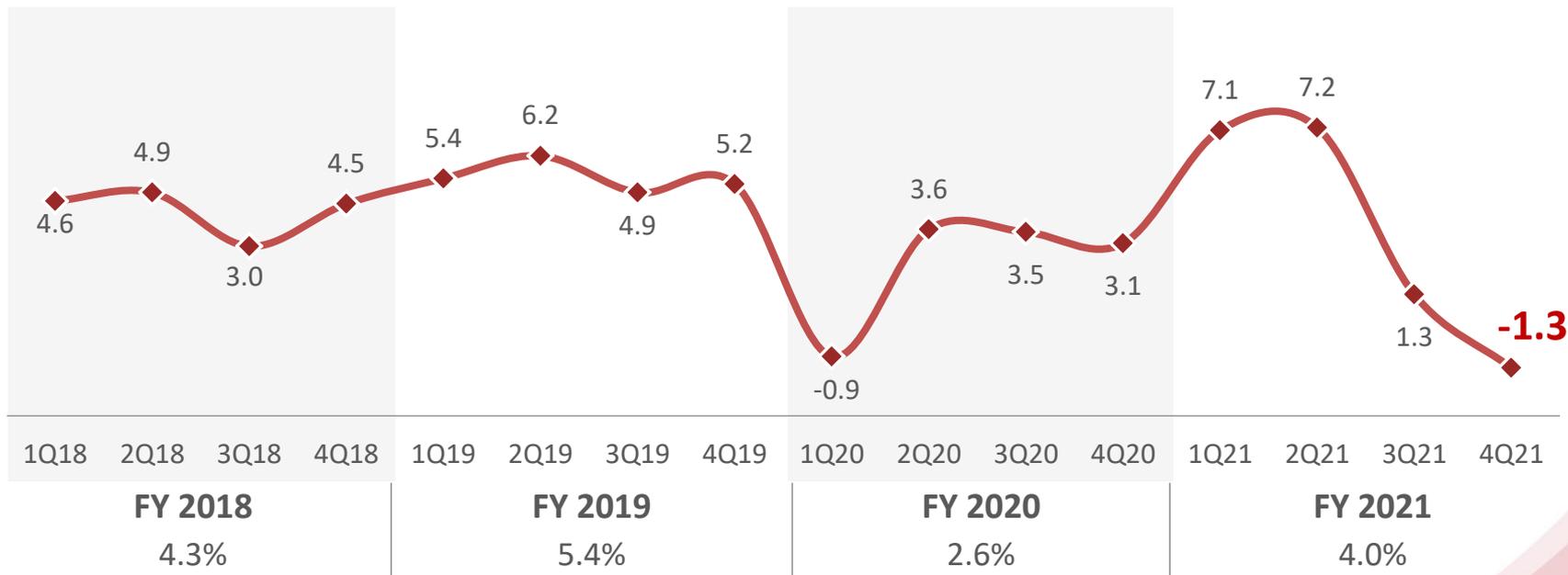


Pou Sheng OP Margin Trend



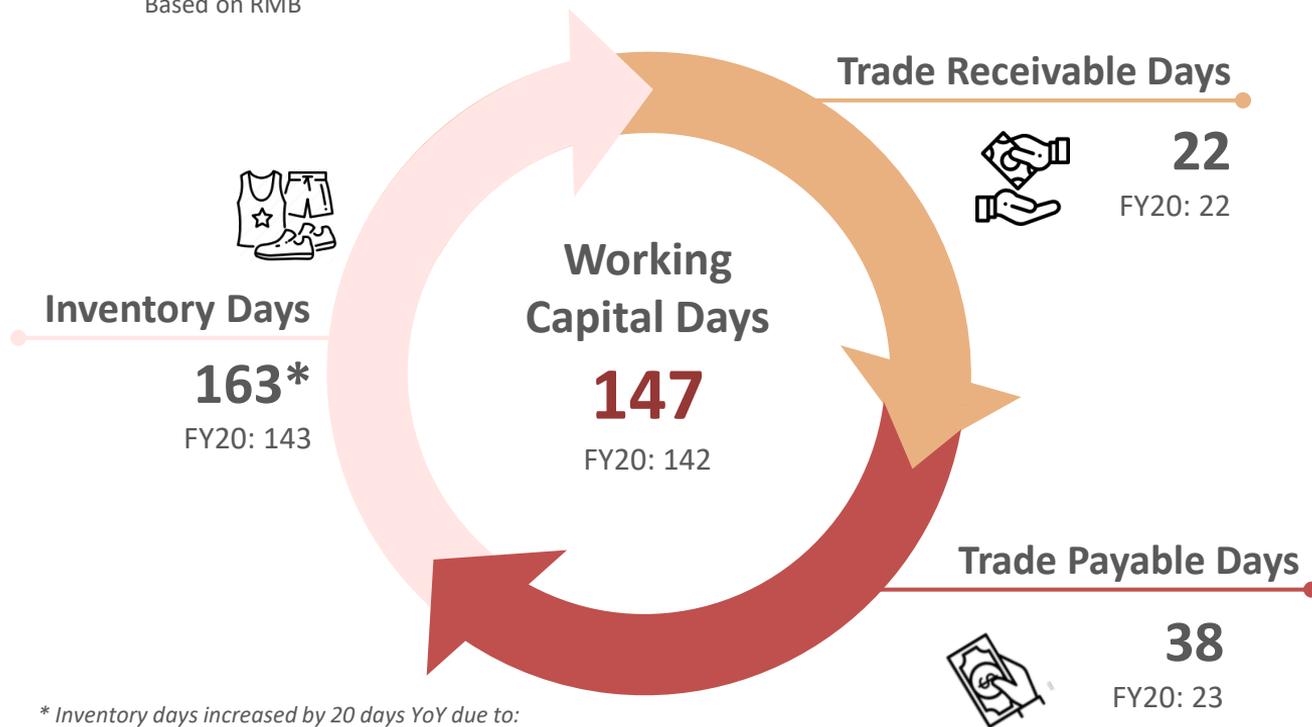
(%)

◆ Operating Profit Margin



Operation Efficiency – FY21

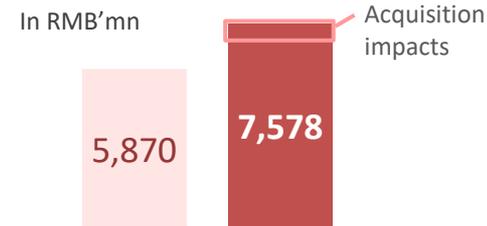
Based on RMB



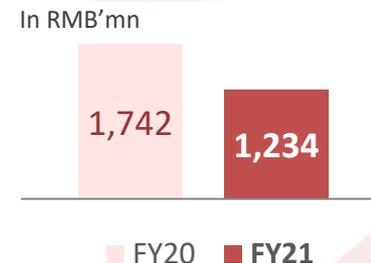
* Inventory days increased by 20 days YoY due to:

- 1) Weaker sales,
- 2) Acquisition of JV Baowei,
- 3) Stocking up ahead of earlier CNY and
- 4) Partially offset by shortage of product supply

Inventory Level



Cash Position



Pou Sheng Financial Ratios (in RMB)



(RMB'mn)	FY 2021	FY 2020	Y-o-Y
Depreciation of PPE & Amortization	640.6	644.1	-0.5%
Depreciation of ROUA	1,234.6	1,182.6	+4.4%
EBITDA	2,652.2	2,511.6	+5.6%
EBITDA minus Depreciation of ROUA	1,417.6	1,329.0	+6.7%
Capital Expenditure	452.4	585.0	-22.7%
Total Borrowings*	1,581.6	1,948.7	-18.8%
Net Borrowings*	347.9	206.4	+68.6%
Total Borrowings to Equity #	19.3%	24.7%	--
Net Borrowings to Equity #	4.2%	2.6%	--
Total Borrowings* to EBITDA (X)	0.6 X	0.8 X	--
Return on Owner's Equity	4.4%	3.9%	--
Return on Asset	2.3%	1.8%	--

As of
31 Dec

Source: Internal analysis report (figures rounded)

* Total Borrowings and Net Borrowings exclude lease liabilities. Lease liabilities was RMB 2,820.9mn and 3,131.3mn as at 31 Dec 2021 and 2020 respectively

Total Debt to Equity and Net Debt to Equity (including lease liabilities) would be 53.7% (FY20: 64.5%) and 38.6% (FY20: 42.4%) as at 31 Dec 2021 respectively

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Pou Sheng Retail Strategy

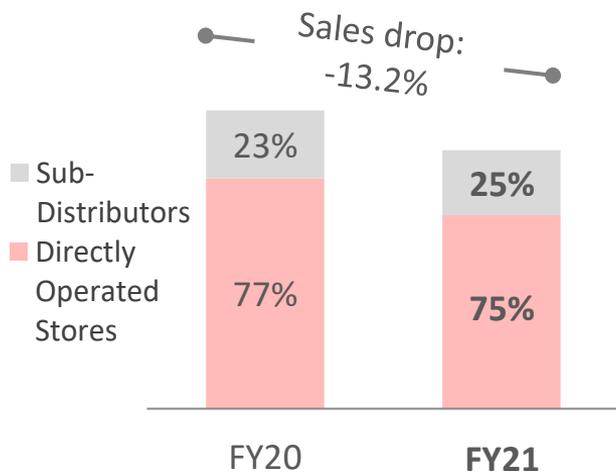


Y Pou Sheng is one of the largest retailers and sports services providers for world renowned sportswear brands in the Greater China region

Brick & Mortar Retail

Directly Operated Stores:

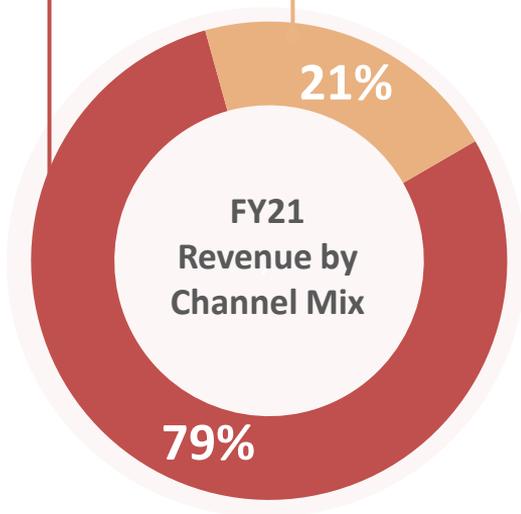
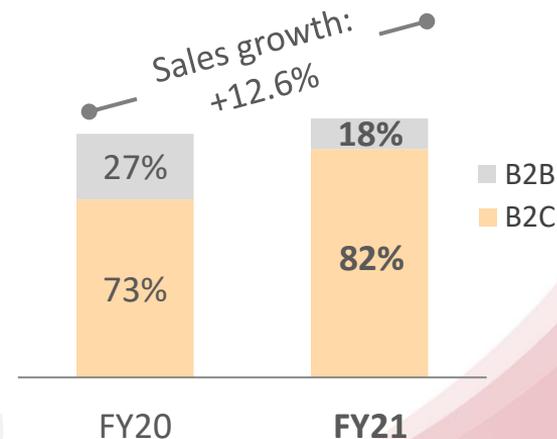
- Mono-Brands Stores: 4,590 stores
- Multi-Brands Stores: 41 stores



Omni-channel

B2C Channel:

- Private Traffic Domain: WeChat stores (+ExP services), Douyin, Shopping mall members platforms
- Public Traffic Domain: 3rd party platforms (T-Mall, JD, Vipshop, etc.)



Top 5 brands account for ~95% of our revenue

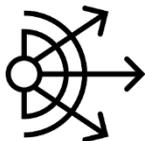
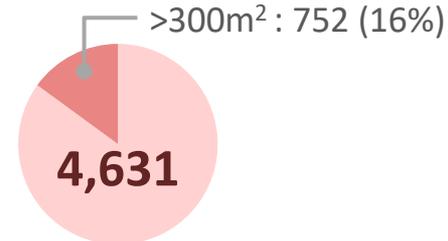
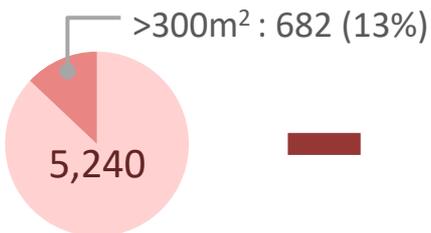
Solid B&M Network



Number of Stores



Directly Operated
(Own-Store)



Sub-Distributor
(Franchisee)



Total Store



As at
31 December 2020

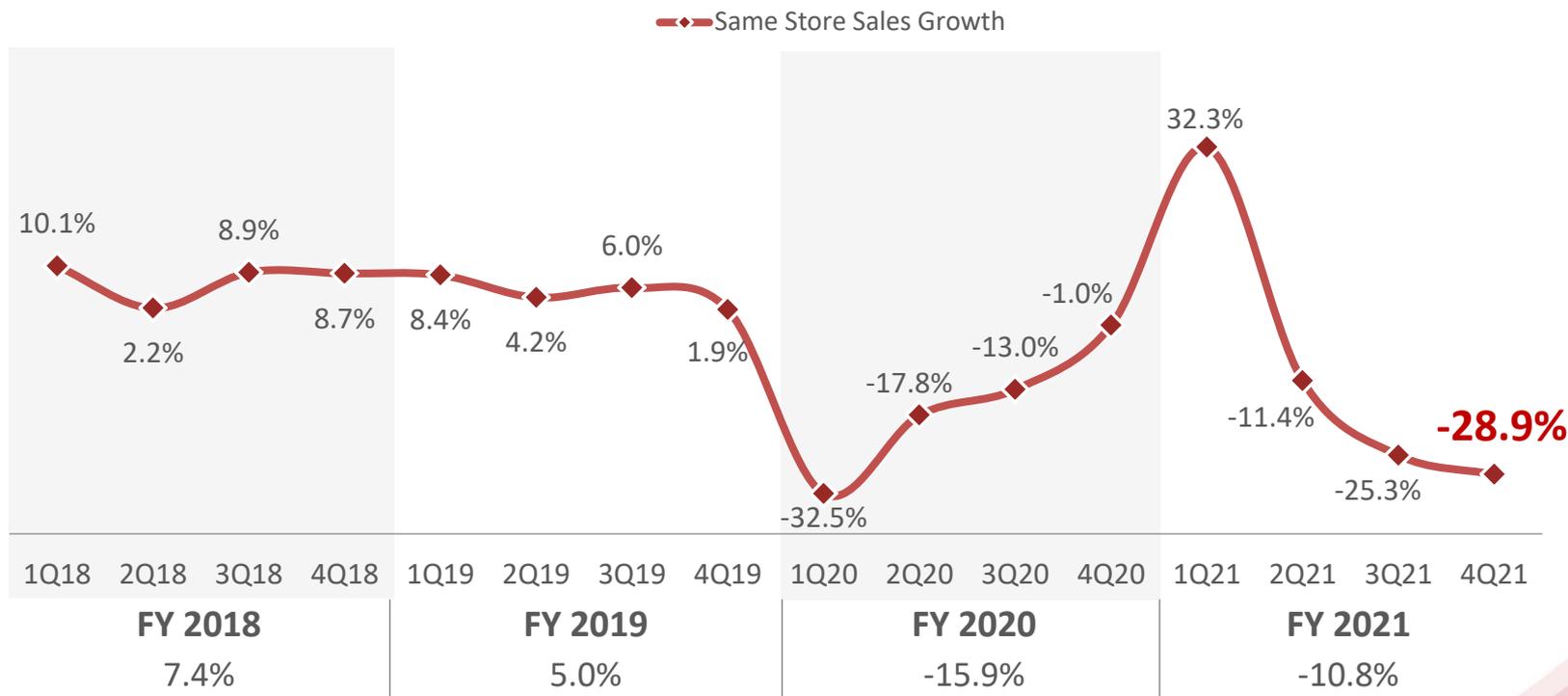
Net New Store +/-

As at
31 December 2021

Pou Sheng Same Store Sales Growth (SSSg)



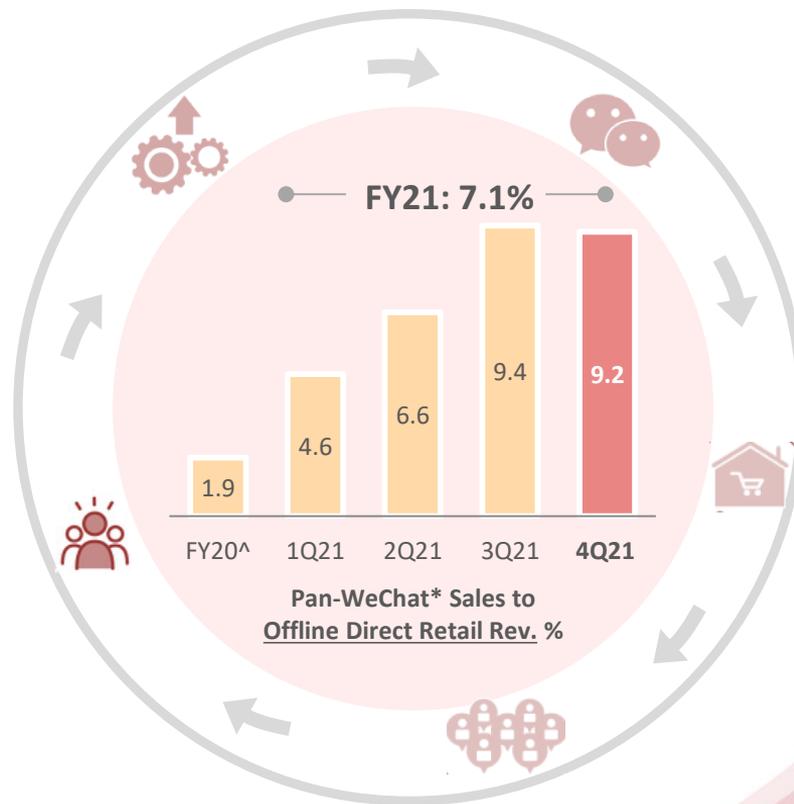
(%)



Note: Same-store sales measures revenue of full-price directly-operated stores (incl. WeChat stores' contribution) that have been operated over one year

Our Customized Pan-WeChat Ecosphere

- ✔ Stable and solid foundation with much better **conversion**, **return rate** and **full-price in-season sales**
- ✔ **Better ASP** than 3rd party platform e.g. T-Mall, JD, Vipshop, etc.
- ✔ Connect with digitally-enabled experience stores and EXP (Energy x Power) membership platform to enhance seamless consumer experience
- ✔ Account for 7.1% in FY21 (FY20: 1.9%) of direct retail revenue with **“More sales with fewer WeChat stores** (connected almost 90% inventory pool across different regions)” infrastructure



* Pan-WeChat Ecosphere consists of private domain channels including WeChat stores, Douyin live-streaming shopping events and shopping mall members platforms

[^] WeChat store was launched in February 2020

Our Customized Pan-WeChat Ecosphere (Cont.)



Y Comprehensive relations with members by designated **Key Opinion Staff (KOS)** and **interesting contents (Exp)** as first step to elevate our services to consumers



YYsports My Exp mini-program
 >15.6m Exp members out of ~46m YYsports members (as of 31 Dec 2021)

Sports services and membership program

WeChat stores

24-hr digital interface by designated KOS

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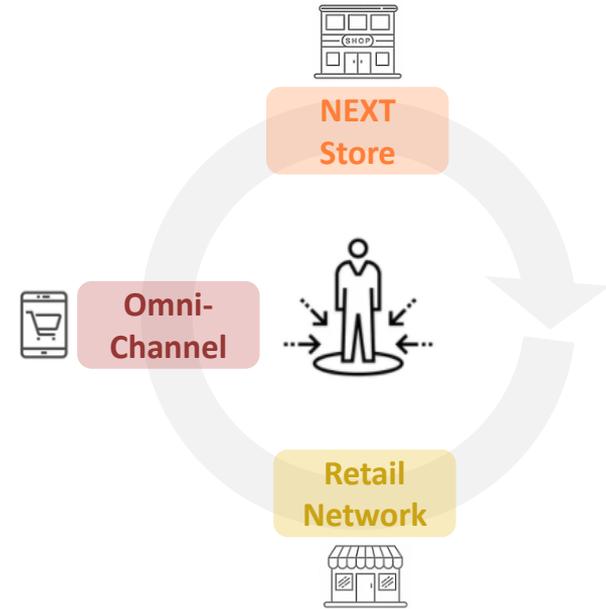
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Critical Missions in 3 Years



Committed to drive Quality Revenue Growth

- Y **Best of choice:** strive to be the best choice to business partners for quality growth with creative omni-models that keep with the pace of future trends
- Y **Solid digital developments:** provide quality services to members via private domain to drive better in-season sales and efficient off-season products sales through public domain platforms – aggregate >25% of digital sales annually in 3 years
- Y **Enhance membership operations:** close cooperation with business partners and elevating NEXT Store ExP ecosystem – >10m loyal members to generate higher conversion rates and quality incremental sales in 2 years
- Y **Store efficiency:** integrated efforts implemented across store digitalization and enhanced membership programs
- Y **Operating margin:** continuous improvement in following years

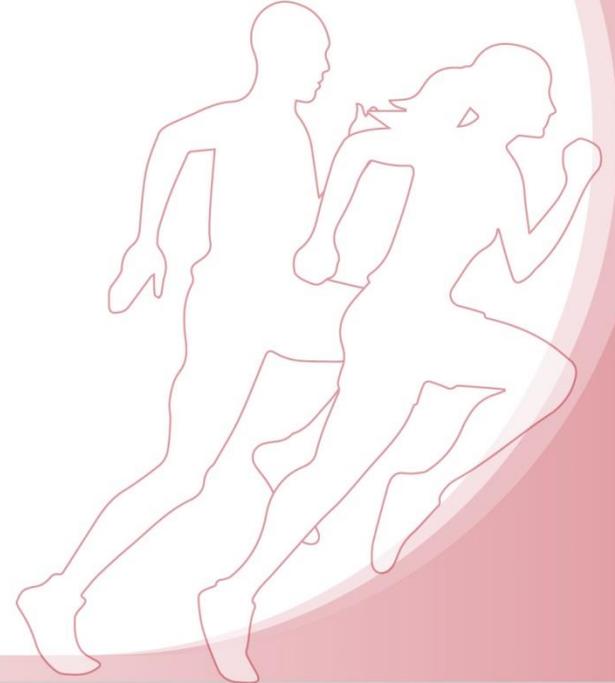


“Creating Value-added Services & Quality Experiences to Customers”

Growth by Digital, Membership & Store Efficiency



Appendix



Company Milestones



-
- 2021 ● Omni-channel contributed 21% of total sales
Next Store launched in Shenyang, China
- 2020 ● Next Store launched in Hsinchu, Taiwan
- 2018 ● Recorded over RMB 22bn revenue
- 2016 ● Recorded over RMB 15bn revenue
- 2014 ● Became sole licensee for Pony in Taiwan & China
- 2013 ● Recorded over RMB 10bn revenue
- 2008 ● **Pou Sheng International listed on HKEX (3813.HK)**
- 2001 ● Expanded into retail business in China

Pou Sheng Financial Highlights *(in USD)*



	FY 2021		FY 2020		Y-o-Y
	US\$'000	%	US\$'000	%	%
Revenue	3,619,294	100.00	3,709,231	100.00	-2.42
Cost of Sales	(2,332,902)	-64.46	(2,575,756)	-69.44	-9.43
Gross Profit	1,286,392	35.54	1,133,475	30.56	+13.49
SG&A	(1,202,076)	-33.21	(1,077,385)	-29.05	+11.57
Other Income & Expenses, net	59,588	1.65	39,702	1.07	+50.09
Operating Profit	143,904	3.98	95,792	2.58	+50.23
Finance Cost, net	(27,102)	-0.75	(33,753)	-0.91	-19.70
Share of Results of JV	(25,344)	-0.70	2,225	0.06	N/A
Other Losses	(2,469)	-0.07	(1,545)	-0.04	+59.81
Income Tax	(30,747)	-0.85	(17,147)	-0.46	+79.31
Profit for the Period	58,242	1.61	45,572	1.23	+27.80
Profit attrib. to Owners of PS	55,271	1.53	43,860	1.18	+26.02

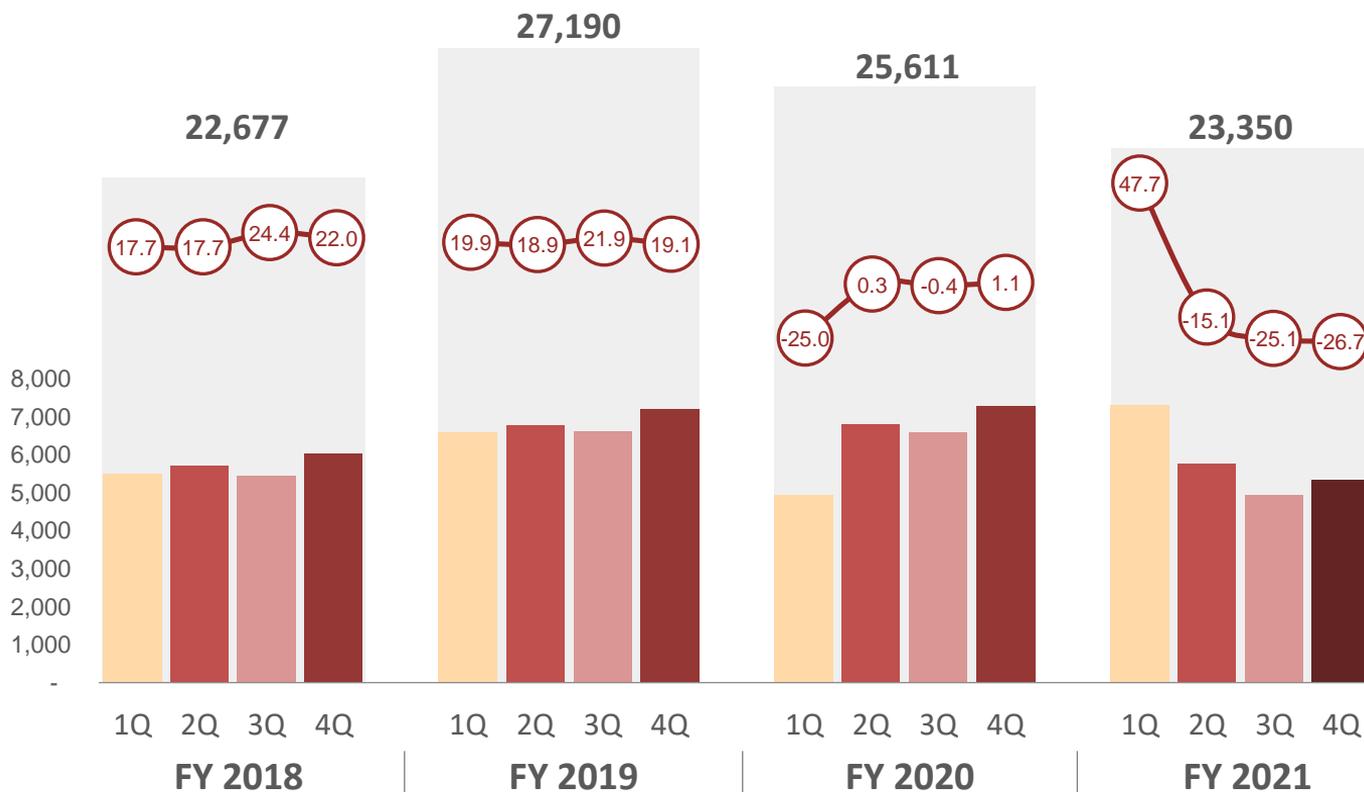
Source: Internal analysis report (figures rounded); various accounting reclassification and adjustments are made to some of the figures when consolidating Pou Sheng numbers into the Yue Yuen Group in order to comply with the requirements of accounting standards

Pou Sheng Revenue Trend



Revenue (RMB'mn)

—○— Y-o-Y (%)



**Thank you
Q&A**

