

**POU SHENG INTERNATIONAL (HOLDINGS) LIMITED**

**寶勝國際(控股)有限公司**

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

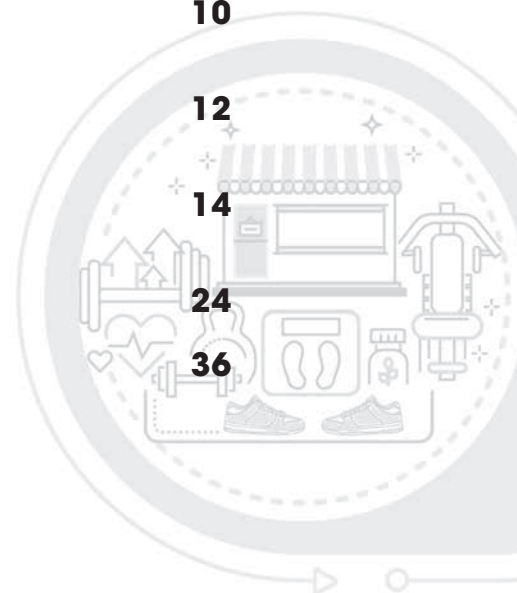
(Stock Code 股份代號:3813)

# INTERIM REPORT 中期報告 2024



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# CORPORATE INFORMATION

(As of August 12, 2024)

## DIRECTORS

### Executive Directors

Yu Huan-Chang (Chairman)  
Hu, Chia-Ho  
Chen, Li-Chieh (Chief Financial Officer)

### Non-executive Directors

Tsai Patty, Pei Chun  
Li I-nan

### Independent Non-executive Directors

Chen, Huan-Chung  
Feng Lei Ming  
Liu, Hsi-Liang

## AUDIT COMMITTEE

Chen, Huan-Chung (Chairman)  
Tsai Patty, Pei Chun  
Feng Lei Ming

## REMUNERATION COMMITTEE

Liu, Hsi-Liang (Chairman)  
Chen, Huan-Chung  
Li I-nan

## NOMINATION COMMITTEE

Feng Lei Ming (Chairman)  
Chen, Huan-Chung  
Hu, Chia-Ho

## DISCLOSURE COMMITTEE

Yu Huan-Chang (Chairman)  
Hu, Chia-Ho  
Chen, Li-Chieh

## AUTHORISED REPRESENTATIVES

Yu Huan-Chang  
Yip Wing Ming

## CHIEF EXECUTIVE OFFICER

Wang Jun

## COMPANY SECRETARY

Yip Wing Ming

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS

22nd Floor, C-Bons International Center  
108 Wai Yip Street, Kwun Tong  
Kowloon, Hong Kong

## INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor Hopewell Centre  
183 Queen's Road East Wanchai  
Hong Kong

## SOLICITORS

Reed Smith Richards Butler LLP

## PRINCIPAL BANKERS

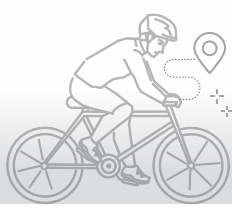
Australia and New Zealand Bank (China)  
Company Limited  
Australia and New Zealand Banking Group  
Limited  
Citibank (China) Co., Limited  
Industrial and Commercial Bank of China Limited  
Mizuho Bank (China), Limited  
Mizuho Bank, Limited  
Standard Chartered Bank (China) Limited  
Standard Chartered Bank (Hong Kong) Limited  
Standard Chartered Bank (Taiwan) Limited  
Taipei Fubon Commercial Bank Company Limited  
Taishin International Bank Company Limited  
United Overseas Bank Limited

## WEBSITE

[www.pousheng.com](http://www.pousheng.com)

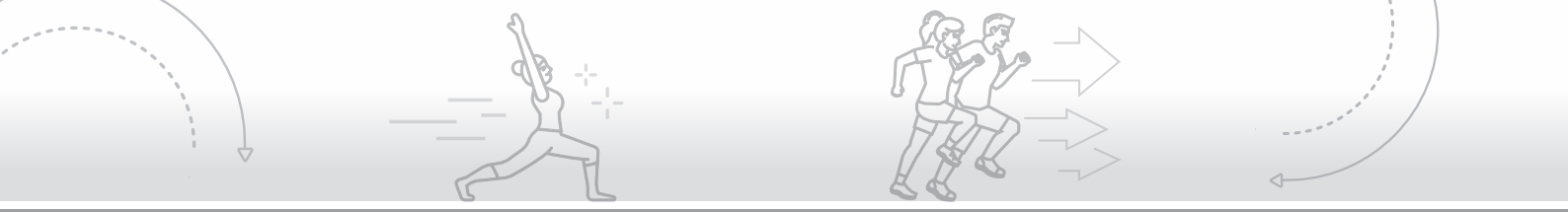
## STOCK CODE

3813



## THE GROUP'S FINANCIAL HIGHLIGHTS

For the six months ended June 30,			
Financial performance	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	Change
Revenue	9,983,269	10,960,001	-8.9%
Gross profit	3,415,700	3,670,684	-6.9%
Operating profit	482,555	472,818	2.1%
Profit attributable to owners of the Company	335,722	305,465	9.9%
Gross profit margin (%)	34.2%	33.5%	0.7 ppt
Operating profit margin (%)	4.8%	4.3%	0.5 ppt
Basic earnings per share (RMB cents)	6.48	5.90	9.8%
Dividend per share			
Interim dividend (HK\$)	0.02	0.0185	8.1%
Special dividend (HK\$)	0.02	-	N/A
As at			
Financial position	June 30, 2024 RMB'000 (unaudited)	December 31, 2023 RMB'000 (audited)	Change
Inventories	4,649,992	4,704,713	-1.2%
Trade and other receivables	2,129,090	2,101,577	1.3%
Cash and cash equivalents	1,611,830	1,827,563	-11.8%
Bank borrowings	36,960	39,202	-5.7%



# INTERIM RESULTS

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.**

德勤

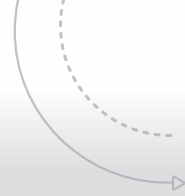
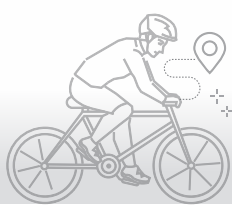
TO THE BOARD OF DIRECTORS OF  
POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際(控股)有限公司

*(incorporated in Bermuda with limited liability)*

### Introduction

We have reviewed the condensed consolidated financial statements of Pou Sheng International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 6 to 23, which comprises the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



# INTERIM RESULTS

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 12, 2024

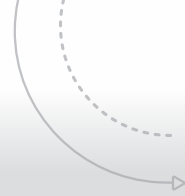
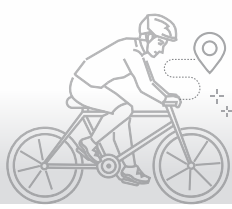
# INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Pou Sheng International (Holdings) Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended June 30, 2024 with the corresponding comparative figures as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2024

		For the six months ended June 30,	
	NOTES	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	9,983,269	10,960,001
Cost of sales		(6,567,569)	(7,289,317)
Gross profit		3,415,700	3,670,684
Other operating income and gains (losses)		118,664	112,480
Selling and distribution expenses		(2,672,160)	(2,913,620)
Administrative expenses		(379,649)	(396,726)
Operating profit		482,555	472,818
Finance costs	5	(35,380)	(49,513)
Finance income		27,736	14,159
		(7,644)	(35,354)
Profit before taxation		474,911	437,464
Income tax expense	4	(136,905)	(118,497)
<b>Profit for the period</b>	5	<b>338,006</b>	318,967
Attributable to:			
Owners of the Company		335,722	305,465
Non-controlling interests		2,284	13,502
		<b>338,006</b>	318,967
Earnings per share	7		
– Basic		RMB6.48 cents	RMB5.90 cents
– Diluted		RMB6.48 cents	RMB5.90 cents



# INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	For the six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Profit for the period</b>	<b>338,006</b>	318,967
<b>Other comprehensive income (expense)</b>		
<i>An item that will not be reclassified to profit or loss</i>		
Fair value gain on investments in equity instrument at fair value through other comprehensive income	<b>1,256</b>	-
<i>An item that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	<b>3,313</b>	(1,988)
Other comprehensive income (expense) for the period	<b>4,569</b>	(1,988)
<b>Total comprehensive income for the period</b>	<b>342,575</b>	316,979
Attributable to:		
Owners of the Company	<b>340,291</b>	303,477
Non-controlling interests	<b>2,284</b>	13,502
	<b>342,575</b>	316,979

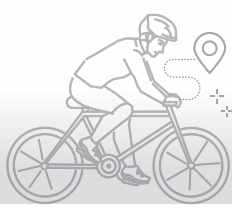


# INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2024

		At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
	NOTES		
<b>Non-current assets</b>			
Investment properties		129,700	129,700
Property, plant and equipment	8	787,809	781,568
Right-of-use assets	8	1,488,519	1,743,073
Deposits paid for acquisition of property, plant and equipment		57,633	25,063
Rental deposits		114,255	125,098
Intangible assets	8	88,999	85,820
Goodwill		522,163	522,163
Interests in joint ventures		-	-
Equity instrument at fair value through other comprehensive income		3,078	1,921
Bank deposits over three months		550,000	250,000
Deferred tax assets		101,419	110,222
		<b>3,843,575</b>	3,774,628
<b>Current assets</b>			
Inventories		4,649,992	4,704,713
Trade and other receivables	9	2,129,090	2,101,577
Taxation recoverable		7,770	52,577
Bank deposits over three months		946,609	796,615
Cash and cash equivalents		1,611,830	1,827,563
		<b>9,345,291</b>	9,483,045



# INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT JUNE 30, 2024

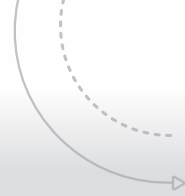
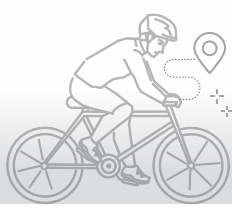
	NOTES	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
<b>Current liabilities</b>			
Trade and other payables	10	2,297,095	2,485,038
Contract liabilities		417,188	303,726
Taxation payable		2,068	17,928
Bank borrowings		36,960	39,202
Lease liabilities		545,865	625,826
		<b>3,299,176</b>	3,471,720
<b>Net current assets</b>		<b>6,046,115</b>	6,011,325
<b>Total assets less current liabilities</b>		<b>9,889,690</b>	9,785,953
<b>Non-current liabilities</b>			
Deferred tax liabilities		22,112	22,931
Lease liabilities		972,991	1,152,441
		<b>995,103</b>	1,175,372
<b>Net assets</b>		<b>8,894,587</b>	8,610,581
<b>Capital and reserves</b>			
Share capital	11	46,438	46,438
Reserves		8,755,879	8,471,693
Equity attributable to owners of the Company		<b>8,802,317</b>	8,518,131
Non-controlling interests		92,270	92,450
<b>Total equity</b>		<b>8,894,587</b>	8,610,581

# INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Equity attributable to owners of the Company															
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (note (i))	Other reserve RMB'000 (note (ii))	Revaluation reserve RMB'000	Merger reserve RMB'000 (note (iii))	Property revaluation reserve RMB'000	Reserve on instrument at FVTOCI RMB'000	Shares held under share award scheme RMB'000	Share award reserve RMB'000	Non-distributable reserve RMB'000 (note (iv))	Translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2023 (audited)	46,438	5,145,233	676,506	(1,484,754)	55,395	29,544	6,381	(434)	(207,701)	4,742	1,072,872	(13,572)	2,783,603	8,114,253	79,667	8,193,920
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-	(1,986)	-	(1,986)	-	(1,986)
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	305,465	305,465	13,502	318,967
Total comprehensive (expense) income for the period	-	-	-	-	-	-	-	-	-	-	-	(1,986)	305,465	303,477	13,502	316,979
Recognition of equity-settled share-based payments, net of amount lapsed relating to share awards not yet vested	-	-	-	-	-	-	-	-	-	1,458	-	-	-	1,458	-	1,458
Share award vested	-	-	-	-	-	-	-	-	523	(375)	-	-	(148)	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	-	27,717	-	(27,717)	-	-	-
At June 30, 2023 (unaudited)	46,438	5,145,233	676,506	(1,484,754)	55,395	29,544	6,381	(434)	(207,178)	5,825	1,100,589	(15,560)	3,061,203	8,419,188	93,169	8,512,357
At January 1, 2024 (audited)	46,438	5,145,233	676,506	(1,484,754)	55,395	29,544	6,381	(355)	(204,188)	4,288	1,133,375	(14,757)	3,125,025	8,518,131	92,450	8,610,581
Fair value gain on investments in equity instrument of fair value through other comprehensive income	-	-	-	-	-	-	-	1,256	-	-	-	-	-	1,256	-	1,256
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-	3,313	-	3,313	-	3,313
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	335,722	335,722	2,284	338,006
Total comprehensive income for the period	-	-	-	-	-	-	-	1,256	-	-	-	3,313	335,722	340,291	2,284	342,575
Recognition of equity-settled share-based payments, net of amount lapsed relating to share awards not yet vested	-	-	-	-	-	-	-	-	-	547	-	-	-	547	-	547
Share award vested	-	-	-	-	-	-	-	-	4,865	(3,775)	-	-	(1,090)	-	-	-
Deregistration of a non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,864)	(3,864)
Release upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	(50,799)	-	50,799	-	-	-
Dividend recognised as distribution (Note 6)	-	-	-	-	-	-	-	-	-	-	-	-	(56,652)	(56,652)	-	(56,652)
Capital contribution by a non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,400	1,400
Transfer	-	-	-	-	-	-	-	-	-	-	12,208	-	(12,208)	-	-	-
At June 30, 2024 (unaudited)	46,438	5,145,233	676,506	(1,484,754)	55,395	29,544	6,381	901	(199,323)	1,060	1,094,784	(11,444)	3,441,596	8,802,317	92,270	8,894,587



# INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

notes:

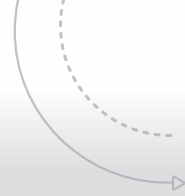
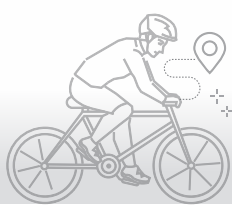
- (i) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in 2008.
- (ii) The other reserve represents the difference between the fair value of the consideration paid or received and the relevant share of carrying value of the subsidiaries' net assets/liabilities acquired from or disposed of to the non-controlling interests, after reattribution of relevant reserve.
- (iii) The merger reserve represents the difference in the fair value of the consideration paid to the Company's intermediate holding company, Yue Yuen Industrial (Holdings) Limited ("Yue Yuen") for the acquisition of subsidiaries controlled by Yue Yuen and the share capital and premium of the acquired subsidiaries.
- (iv) According to the relevant laws in the People's Republic of China (the "PRC"), the subsidiaries of the Company established in the PRC are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The non-distributable reserve fund can be used to offset the previous years' losses, if any.

# INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	For the six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Net cash from operating activities</b>	<b>873,308</b>	2,020,955
<b>Net cash used in investing activities</b>		
Placement of bank deposits over three months	(754,500)	(200,000)
Payment for acquisition of property, plant and equipment/deposits paid for acquisition of property, plant and equipment	(183,031)	(157,277)
Payment for acquisition of intangible assets	(7,732)	(13,298)
Payments for right-of-use assets	(2,852)	(1,371)
Withdrawal of bank deposits over three months	304,500	-
Refund for rental deposits	4,817	22,072
Interest received	27,736	14,159
Proceeds from disposal of property, plant and equipment	3,005	3,011
	<b>(608,057)</b>	(332,704)
<b>Net cash used in financing activities</b>		
Repayments of bank borrowings	(276,964)	(788,698)
Repayments of lease liabilities, including related interests	(425,784)	(480,425)
Interest paid on bank borrowings and advances from a related party	(1,222)	(6,680)
New bank borrowings raised	276,739	422,491
Capital contribution by non-controlling interests	1,400	-
Dividends paid	(56,652)	-
	<b>(482,483)</b>	(853,312)

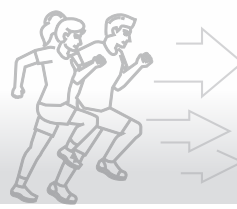


# INTERIM RESULTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE SIX MONTHS ENDED JUNE 30, 2024

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net (decrease) increase in cash and cash equivalents	(217,232)	834,939
Cash and cash equivalents at beginning of the period	1,827,563	1,190,148
Effect of foreign exchange rate changes	1,499	(169)
Cash and cash equivalents at end of the period	1,611,830	2,024,918



# INTERIM RESULTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2023.

#### **Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



# INTERIM RESULTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. REVENUE AND SEGMENTAL INFORMATION

The Group is principally engaged in the distribution and retailing of sportswear and footwear products and provision of large scale commercial spaces to retailers and distributors for commissions from concessionaire sales. The Group's results and revenue are reported as a whole on a regular basis to the chief operating decision maker, being the executive directors of the Company, for the purposes of performance assessment and resource allocation.

The following is an analysis of the Group's revenue recognised at a point in time:

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of sportswear and footwear products	9,924,029	10,897,233
Commissions from concessionaire sales	59,240	62,768
	<b>9,983,269</b>	10,960,001

### 4. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax		
- Current period	125,213	88,930
- Overprovision in prior periods	(11,547)	(15,260)
Withholding tax on dividend	15,254	-
Current tax charge - total	128,920	73,670
Deferred tax charge	7,985	44,827
	<b>136,905</b>	118,497

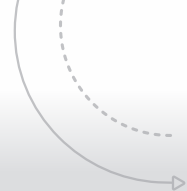


# INTERIM RESULTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 5. FINANCE COSTS/PROFIT FOR THE PERIOD

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>(a) Finance costs</b>		
Interest expenses on bank borrowings	1,191	5,250
Interest expenses on advances from a related party	50	72
Interest expenses on lease liabilities	34,139	44,191
	<b>35,380</b>	49,513
<b>(b) Profit for the period</b>		
Profit for the period has been arrived at after charging (crediting):		
Total staff costs (included in selling and distribution expenses and administrative expenses)	1,092,906	1,193,904
Depreciation of right-of-use assets	389,640	452,947
Depreciation of property, plant and equipment	162,410	189,048
Net changes in allowance for inventories (included in cost of sales)	(1,484)	(15,357)
Amortisation of intangible assets (included in selling and distribution expenses)	4,553	4,376
Gross rental income from investment properties, net of direct expenses	(3,065)	(2,000)
Loss on disposal/written off of property, plant and equipment (included in other operating income and gains (losses))	3,300	18,288
Impairment losses recognised on trade and other receivables, net (included in other operating income and gains (losses))	2,429	9,826



# INTERIM RESULTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 5. FINANCE COSTS/PROFIT FOR THE PERIOD (continued)

#### (b) Profit for the period (continued)

For the six months ended June 30, 2024 and 2023, cost of inventories recognised as an expense represents cost of sales as shown in the condensed consolidated income statement.

### 6. DIVIDENDS

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
2023 final dividend of HK\$0.0120 per share (six months ended June 30, 2023: nil)	<b>56,652</b>	-

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HK\$0.02 per ordinary share of the Company (the "Share") (six months ended June 30, 2023: 2023 interim dividend of HK\$0.0185 per Share) and a special dividend of HK\$0.02 per Share (six months ended June 30, 2023: nil) amounting to approximately HK\$213.0 million in aggregate will be paid to the holders of the Shares (the "Shareholders") whose names appear in the register of members of the Company (the "Register of Members") on Wednesday, September 11, 2024.

# INTERIM RESULTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7. EARNINGS PER SHARE

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

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	335,722	305,465

	For the six months ended June 30,	
	2024	2023
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,181,024,601	5,176,758,596
Effect of dilutive potential ordinary shares:		
- Unvested awarded shares	2,662,649	4,103,788
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,183,687,250	5,180,862,384

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the trustee of the share award scheme of the Company.



# INTERIM RESULTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 8. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the current interim period, the Group acquired property, plant and equipment of RMB175,055,000 (six months ended June 30, 2023: RMB134,561,000).

During the current interim period, the Group has disposed of/written off certain property, plant and equipment with an aggregate carrying amount of RMB6,305,000 (six months ended June 30, 2023: RMB21,299,000) for cash proceeds of RMB3,005,000 (six months ended June 30, 2023: RMB3,011,000), resulting in a loss on disposal/written off of RMB3,300,000 (six months ended June 30, 2023: RMB18,288,000).

During the current interim period, the Group entered into several new lease agreements for the use of retail stores with lease terms generally between 1 to 6 years (six months ended June 30, 2023: 1 to 5 years). Some of the leases in which the Group is the lessee contain variable lease payments terms that are linked to sales generated from retail stores. The Group recognised right-of-use assets resulting from new leases and lease modifications amounting to RMB150,327,000 and RMB86,965,000, respectively (six months ended June 30, 2023: RMB113,826,000 and RMB195,007,000, respectively). The Group derecognised the right-of-use assets resulting from lease modifications amounting to RMB102,205,000 (six months ended June 30, 2023: RMB114,604,000).

At the end of the current interim period, capital expenditure in respect of acquisition of property, plant and equipment and intangible assets contracted for but not provided in the condensed consolidated financial statements as was RMB39,528,000 and nil, respectively (December 31, 2023: RMB53,054,000 and RMB10,503,000, respectively), and the Group entered into new leases for several retail stores that have not yet commenced, with an average non-cancellable period ranging from 1 to 3 years (December 31, 2023: 1 to 3 years), the total future undiscounted cash flows over the non-cancellable period amounted to RMB6,854,000 (December 31, 2023: RMB5,720,000).

During the current interim period, the Group incurred RMB7,732,000 (six months ended June 30, 2023: RMB13,298,000) for computer software recorded under intangible assets.

# INTERIM RESULTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9. TRADE AND OTHER RECEIVABLES

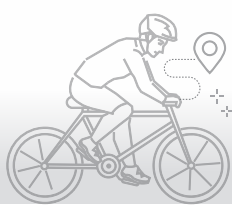
The Group generally allows credit periods of 30 days to 60 days which are agreed with each of its trade customers. The aged analysis of the Group's trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period, which approximated the respective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

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
0 - 30 days	987,827	955,025
31 - 90 days	37,613	23,546
Over 90 days	3,047	348
	<b>1,028,487</b>	978,919

### 10. TRADE AND OTHER PAYABLES

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

	At June 30, 2024 RMB'000 (unaudited)	At December 31, 2023 RMB'000 (audited)
0 - 30 days	941,174	1,252,501
31 - 90 days	143,903	257
Over 90 days	4,727	76
	<b>1,089,804</b>	1,252,834



# INTERIM RESULTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At January 1, 2023, June 30, 2023, January 1, 2024 and June 30, 2024	30,000,000,000	300,000
Issued and fully paid:		
At January 1, 2023, June 30, 2023, January 1, 2024 and June 30, 2024	5,326,179,615	53,261
	<b>At June 30, 2024 RMB'000 (unaudited)</b>	<b>At December 31, 2023 RMB'000 (audited)</b>
Shown in the condensed consolidated financial statements	<b>46,438</b>	46,438

# INTERIM RESULTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. SHARE AWARD SCHEME

The Company's share award scheme was adopted pursuant to a board resolution passed on May 9, 2014, amended on November 11, 2016, and further amended and restated on November 13, 2023. Movements in the number of share awards outstanding are as follows:

	Number of share awards	
	2024	2023
As at January 1, (audited)	5,227,200	8,163,000
Vested	(3,507,400)	(377,400)
Lapsed	(20,800)	(126,400)
As at June 30, (unaudited)	1,699,000	7,659,200

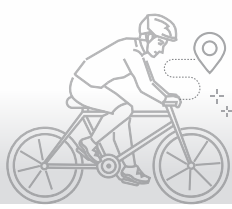
A total of 143,668,760 ordinary shares of the Company were held by the trustee of the Share Award Scheme as at June 30, 2024 (December 31, 2023: 147,176,160 ordinary shares).

### 13. RELATED PARTY DISCLOSURES

#### Transactions and balances

The Group had the following significant related party transactions and balances:

Relationship	Nature of transactions	For the six months ended June 30,	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<i>Intermediate holding company:</i>			
Yue Yuen and its subsidiaries	Operating lease payment paid by the Group	601	644
	Management fees charged to the Group	1,462	2,777



# INTERIM RESULTS

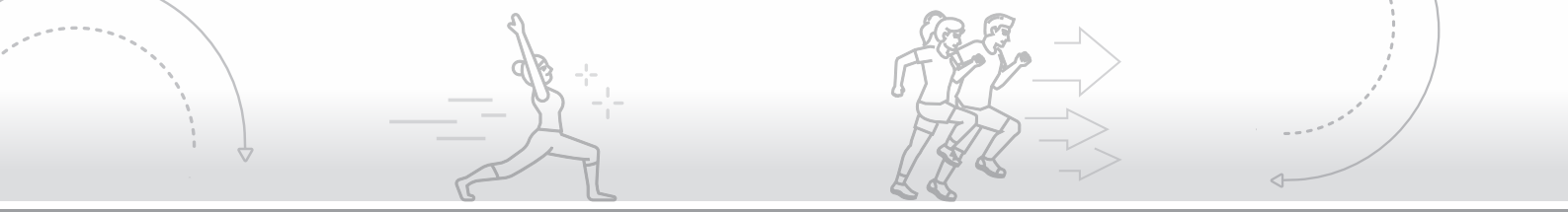
## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. RELATED PARTY DISCLOSURES (continued)

#### Transactions and balances (continued)

		For the six months ended June 30,	
Relationship	Nature of transactions	2024	2023
		RMB'000 (unaudited)	RMB'000 (unaudited)
<i>Companies owned by a trust set up for the benefits of the family members of a director of the Company and the director is one of the ultimate beneficiaries of the trust:</i>			
Hung Tak Investment Limited	Operating lease payment paid by the Group	853	1,693
Non-controlling interest of a subsidiary	Sales of sportswear products by the Group	14,949	16,160
	Commission from concessionaire sales by the Group	640	714
	Interest expense charged to the Group	50	72
		At	At
Relationship	Nature of balances	June 30,	December 31,
		2024	2023
<i>Intermediate holding company:</i>			
Yue Yuen and its subsidiaries	Other payables of the Group	1,262	994
Non-controlling interest of a subsidiary	Trade receivable of the Group	2,741	1,076
	Other payables of the Group	2,800	2,800





# MANAGEMENT DISCUSSION AND ANALYSIS

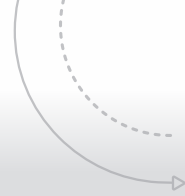
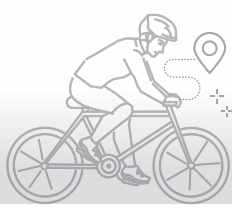
## BUSINESS REVIEW

### Business Environment

For the six months ended June 30, 2024 (the “Period”), the Group experienced soft sales momentum due to weak store traffic across various cities in mainland China. This negative trend was compounded by a high base effect resulting from the ‘revenge spending’ phenomenon that followed the reopening of physical sales channels in the first quarter of last year. In addition, amid the ongoing mixed consumption landscape, the performance of the footwear and apparel retail sector underperformed overall consumer spending in mainland China. According to the National Bureau of Statistics of China, the retail value of garments, footwear, hats and knitwear in the first half of 2024 rose 1.3% year-on-year, compared to a 3.7% recovery in the total retail sales of overall consumer goods.

Despite the weaker store traffic, the Group continuously improved sales conversion rates within its directly operated brick and mortar (“B&M”) network, as it progressed with its retail refinement strategy while optimising store-level productivity and efficiency. The Group’s omni-channel sales remained relatively resilient as it continued to push ahead with its digital transformation strategy and maintain a high degree of agility and flexibility in its decision-making processes. As consumer preferences rapidly adjusted to the changing macroeconomic landscape, the performance of the Group’s B2C public traffic domain was satisfactory, increasing by 16.5% and partly offsetting the pressure seen in its retail channels.

With the market environment remaining dynamic and promotional, the Group remains committed to safeguarding its profitability, backed by effective initiatives that diversify its channel mix and enhance its omni-channel capabilities, while ensuring retail discount improvement and stringent expenses controls. It continues to focus on improving conversion rates and in-season full-price sales, while deepening its engagement with consumers. This includes intensifying and expanding its collaboration with existing and new brand partners in ways that prioritises healthier sales, enhances its membership programmes and inventory integration, and appeals to a broader consumer base, thereby further demonstrating the Group’s operational excellence in retailing and distribution.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW (continued)

### Hybrid Channel Management - B&M

The sales momentum of the Group's B&M network located in higher-tier cities, was impacted by a more than 30% year-on-year reduction in footfall amid the changing economic environment, as well as a high base effect. However, improved in-store conversion rates and higher average selling price within its B&M network partially offset soft same-store sales growth. At the same time, the Group's franchise network performed better as it benefited from relatively resilient footfall in lower-tier cities. By enhancing its cooperation with wholesale partners, the Group was able to diversify its geographic reach, balance its sales across city tiers, and effectively expand its coverage and penetration among consumers in lower-tier cities in a short period of time. This helped partially offset the downward pressure on footfall seen in higher-tier cities during the Period.

During the Period, the Group continued to progress its retail refinement strategy of selectively rightsizing or upgrading stores, with the goals of accelerating its expenses reduction plan and enhancing store-level productivity and efficiency. It also continued to adopt a holistic view towards new store openings: optimising its investment returns as a whole by prioritising geographic regions with an outstanding operating track record and convincing potential, with stores only being opened following a thorough assessment that prioritises margins and business quality. As at June 30, 2024, the Group's retail network had 3,478 directly operated stores across the Greater China region.

Movement of directly operated stores during the six months ended:

	June 30, 2024	June 30, 2023
At the beginning of the period	3,523	4,093
Net decrease	(45)	(370)
At the end of the period	3,478	3,723

# MANAGEMENT DISCUSSION AND ANALYSIS

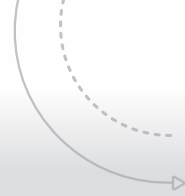
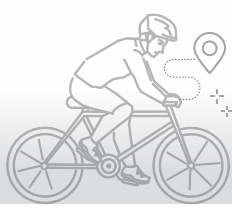
## BUSINESS REVIEW (continued)

### Hybrid Channel Management - B&M (continued)

Numbers and percentages of directly operated stores by size as at:

	June 30, 2024		June 30, 2023	
	Number	%	Number	%
<b>Selling area</b>				
300 m <sup>2</sup> or smaller	<b>2,748</b>	<b>79.0</b>	2,988	80.3
Larger than 300 m <sup>2</sup>	<b>730</b>	<b>21.0</b>	735	19.7
Total	<b>3,478</b>	<b>100.0</b>	3,723	100.0

B&M retail channels remain a critical and irreplaceable sales touchpoint for consumers in the Greater China region who want to discover new products and experience a unique, personalised and seamless shopping experience for sports products and services. During the Period, the Group continued to invest in optimising its store formats and accelerating its digital transformation by integrating its Pan-WeChat ecosphere, membership programmes and other digital services and tools into its B&M network, which, in turn, enriched the consumer experience and maintained resilient average transaction values despite a mixed consumption landscape. It also continued to implement efficiency enhancement projects to encourage better store entry and sales conversion rates, repeat purchases and higher-margin in-season sales within its offline network.



# MANAGEMENT DISCUSSION AND ANALYSIS

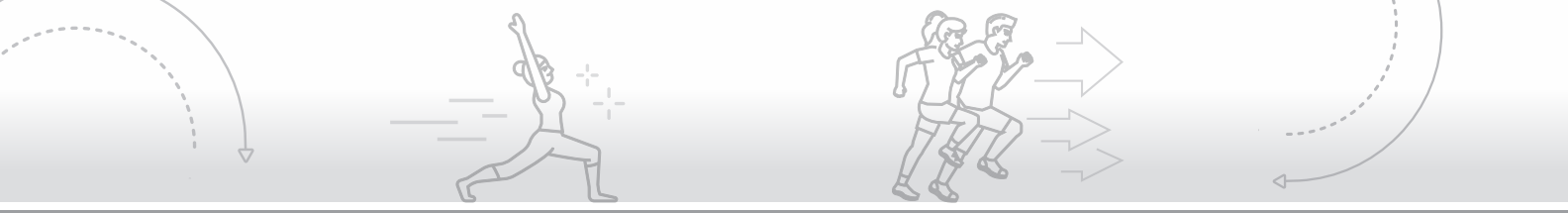
## BUSINESS REVIEW (continued)

### Hybrid Channel Management - Omni-channels

The Group's omni-channels include its increasingly important private traffic domain – the Pan-WeChat Ecosphere – which covers its WeChat stores, Douyin live-streaming shopping events and shopping mall membership platforms, as well as channels that facilitate the clearance of slow-moving merchandise and enhance cash conversion efficiency, including its public traffic domain and B2B channels. The Group's public traffic domain includes its operations on the platforms such as Tmall, JD and Vipshop. During the Period, it continued to strengthen its omni-channels, leveraging its differentiated, multi-faceted operation matrix to further deepen its engagement with key shopping groups, while enhancing operational efficiency.

During the Period, the Group's online sales momentum, led by its public traffic domain, remained resilient, partly offsetting the slowdown in foot traffic to its B&M stores and supporting effective inventory management. Its omni-channels collectively contributed approximately 26% of total sales during the Period.

The Group's Pan-WeChat Ecosphere serves as an extension of its B&M network. While overall sales through this channel were negatively impacted by soft offline traffic and disciplined discount control, its private traffic domain continued to support conversion rates and contribute to offline direct retail sales, providing quality and comprehensive customer service with a human touch. The Group further optimised the scope of its Douyin live-streams conducted by designated Key Opinion Staff during the Period, facilitating more localised operations by integrating the regional level and the store level, as well as enhancing cooperation with brand partners. It also continued to embed value-added services, diverse content and member-exclusive benefits stemming from its integrated membership programmes with its brand partners into the Pan-WeChat Ecosphere to achieve quality sales and enhance repeat purchases.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW (continued)

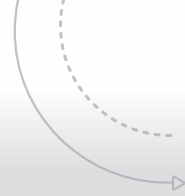
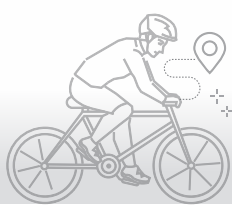
### Enhanced Strategic Alliances with Business Partners

The Group further deepened its strategic partnerships with its business partners in order to provide an impeccable and diverse shopping experience and consumer connectivity. Leveraging its YYsports WeChat Mini-Program and live-streaming across the Greater China region, the Group continued to boost its connected digital membership programmes while offering diversified content, interactive features and other related services, to support in-depth membership management and facilitate a premium and seamless online and offline consumer experience. The Group further supported membership growth and increased in-season sell-through by strengthening its membership programmes with brand partners and expanding integration and connectivity with brand-authorized Douyin accounts.

Moreover, the Group continued to reinforce its product-sharing platform (“PSP”) and improve its efficiency in product allocation and logistics management, while enhancing its connected inventory programme with brand partners, to efficiently share products and services across different platforms and channels to optimise its inventory mix, accelerate sales cycles and optimise its services to loyal members and consumers.

### Strengthened Operational Excellence with Digital Transformation

During the Period, the Group further upgraded and optimised its enterprise resource planning (“ERP”) system. Since the beginning of 2024, the Group has successfully implemented multiple SAP modules that have integrated its business and finance functions and laid a solid foundation for strategic decision making at the management level. The modules cover various functions, including data analytics, product management, sales management, financial operations and budget monitoring. Through its fully integrated business intelligence platform, it is able to monitor its entire operations through digital cloud-based financial dashboards on a real-time basis. The Group also leverages other digital tools to drive its retail excellence, particularly in areas such as real-time in-store efficiency, resource optimisation and membership services through digital empowerment.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW (continued)

### Strengthened Operational Excellence with Digital Transformation (continued)

The Group's ongoing investments in its omni-channels and retail refinement strategy, alongside its digital transformation strategy for operational excellence, remain essential for developing its unique core competencies, maintaining its competitiveness and supporting its long-term development. Its streamlined operations also enhance people efficiency, cost competitiveness and shorten sales cycles. Through these aforementioned efforts, the Group is confident that it will be more adaptable to the ever-changing operating environment while capturing long-term growth opportunities.

## PERFORMANCE ANALYSIS

### Financial Review

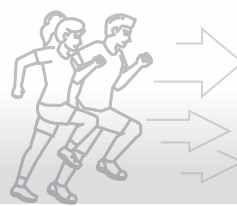
During the Period, the Group recorded revenue of RMB9,983.3 million, representing a decrease of 8.9% compared with the same period of last year. Gross profit was RMB3,415.7 million, representing a decrease of 6.9% when compared to the same period of last year. Profit attributable to owners of the Company for the Period increased by 9.9% to RMB335.7 million.

### Revenue

The Group's total revenue in the first half of 2024 decreased 8.9% to RMB9,983.3 million, as compared with the same period of last year, as a result of soft store traffic amid an increasingly dynamic retail environment, despite the relatively resilient performance of its omni-channels.

### For the six months ended June 30,

	2024 RMB million	2023 RMB million	Change
Revenue	<b>9,983.3</b>	10,960.0	<b>-8.9%</b>
Cost of sales	<b>(6,567.6)</b>	(7,289.3)	<b>-9.9%</b>
Gross profit	<b>3,415.7</b>	3,670.7	<b>-6.9%</b>
Gross profit margin (%)	<b>34.2%</b>	33.5%	<b>0.7 ppt</b>



# MANAGEMENT DISCUSSION AND ANALYSIS

## PERFORMANCE ANALYSIS (continued)

### Gross Profit

The Group's gross profit during the Period amounted to RMB3,415.7 million with a gross profit margin of 34.2%, an increase of 0.7 percentage point year-on-year. Well-managed discount controls, coupled with effective inventory management, helped offset an unfavourable channel mix.

### Selling & Distribution Expenses and Administrative Expenses

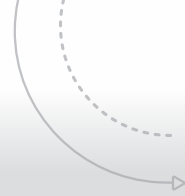
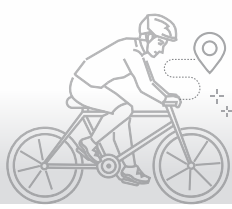
The Group's selling and distribution expenses during the Period were RMB2,672.2 million (first half of 2023: RMB2,913.6 million), accounting for 26.8% of the Group's revenue (first half of 2023: 26.6%). Selling and distribution expenses primarily include concessionaire fees, depreciation of right-of-use assets in relation to stores, sales personnel salaries and commissions, other depreciation and amortisation charges, and other expenses that mainly include store operation expenses, property management fees, logistics expenses and other expenses.

Administrative expenses during the Period were RMB379.6 million (first half of 2023: RMB396.7 million), accounting for 3.8% of the Group's revenue (first half of 2023: 3.6%). Administrative expenses primarily include management and administrative personnel salaries, depreciation and amortisation charges and other expenses.

The Group's selling and distribution expenses and administrative expenses during the Period were RMB3,051.8 million, a decrease of 7.8% year-on-year. This was equivalent to 30.6% of total revenue, with the savings accruing from the active management of rentals and people efficiency.

### Operating Profit

The Group's operating profit during the Period was RMB482.6 million, representing an increase of 2.1% with an operating margin of 4.8%, an increase of 0.5 percentage point year-on-year.



# MANAGEMENT DISCUSSION AND ANALYSIS

## PERFORMANCE ANALYSIS (continued)

### Finance Income and Finance Cost

Finance income during the Period was RMB27.7 million, compared to RMB14.2 million in the first half of 2023. Finance costs during the Period decreased by 28.5% to RMB35.4 million, compared to RMB49.5 million in the first half of 2023, primarily as a result of its debt repayment efforts. The balance of bank borrowing as at June 30, 2024 decreased significantly year-on-year due to enhanced efficiency in cash management, and a decrease in interest expenses on lease liabilities during the Period.

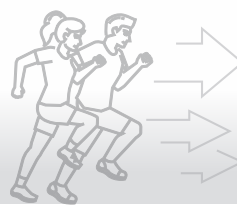
### Profit for the Period

During the Period, the Group recorded a net profit of RMB338.0 million, while profit attributable to owners of the Company was RMB335.7 million. The profit attributable to owners of the Company margin was 3.4%, representing an increase of 0.6 percentage point year-on-year.

### Working Capital Efficiency

The average inventory turnover period for the Period improved to 130 days (first half of 2023: 133 days). The balance of inventory as at June 30, 2024 was RMB4,650.0 million, a decrease from RMB4,704.7 million as at December 31, 2023, which was attributed to the Group's efforts to manage healthy inventory and to enhance inventory efficiency. The average trade receivables turnover period was 18 days (first half of 2023: 16 days), which remained consistent with the credit terms of 30 to 60 days that the Group gives its department store counters and retail distributors. The average trade payables turnover period during the Period was 32 days (first half of 2023: 21 days).





# MANAGEMENT DISCUSSION AND ANALYSIS

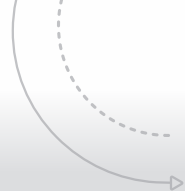
## PERFORMANCE ANALYSIS (continued)

### Liquidity and Financial Resources

As at June 30, 2024, the Group maintained a strong balance sheet, with bank balances and cash (which consist of bank deposits over three months and cash and cash equivalents) amounting to RMB3,108.4 million (December 31, 2023: RMB2,874.2 million) while working capital (current assets minus current liabilities) was RMB6,046.1 million (December 31, 2023: RMB6,011.3 million). Total bank borrowings were reduced by 5.7% to RMB37.0 million (December 31, 2023: RMB39.2 million). All bank borrowings are short-term in nature which are repayable within one year. Bank balances and cash and bank borrowings were mainly denominated in Renminbi. The Group's loans under a fixed rate arrangement made up approximately 100% (December 31, 2023: 100%) of its total bank borrowings.

The Group's gearing ratio as of June 30, 2024, represented by total interest-bearing borrowings (excluding lease liabilities) as a percentage of total equity, was 0.4% (December 31, 2023: 0.5%). The net cash position (bank balances and cash minus bank borrowings) further increased to RMB3,071.5 million (December 31, 2023: RMB2,835.0 million).

The net cash generated from operating activities during the Period was RMB873.3 million. The Group believes its liquidity requirements will be satisfied with the combination of capital generated from operating activities and future bank borrowings. The net cash used in investing activities during the Period was RMB608.1 million, while the net cash used in financing activities was RMB482.5 million.



# MANAGEMENT DISCUSSION AND ANALYSIS

## PERFORMANCE ANALYSIS (continued)

### Capital Expenditure

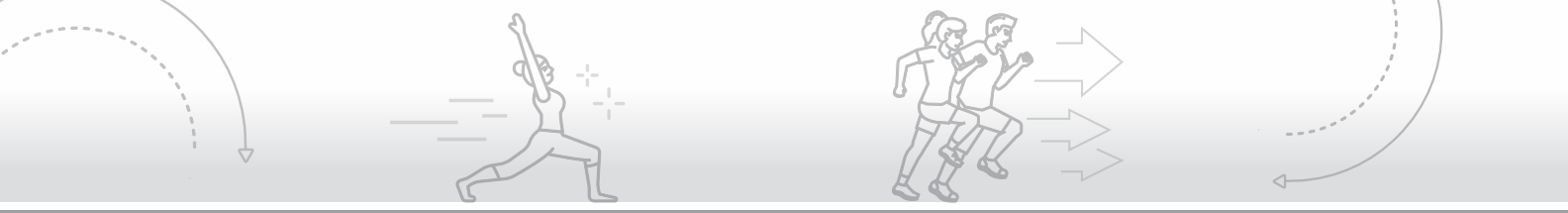
The Group maintained its selective and prudent approach to capital expenditure planning, focused on areas including: the strategic opening of new stores and ongoing upgrade of experience-driven B&M stores that offer a better shopping experience; store productivity improvements; and the further roll-out of its long-term digital transformation strategy, namely the optimisation of its SAP ERP system. Total capital expenditure during the Period increased to RMB190.8 million (first half of 2023: RMB170.6 million). As at June 30, 2024, the Group had no material contingent liabilities.

As at June 30, 2024, capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements was RMB39.5 million (December 31, 2023: RMB53.1 million). The Group also entered into new leases for several retail stores that have not yet commenced, with an average non-cancellable period ranging from 1 to 3 years (December 31, 2023: 1 to 3 years), with the total future undiscounted cash flows over the non-cancellable period amounting to RMB6.9 million (December 31, 2023: RMB5.7 million).

### Foreign Exchange

The Group conducts its business primarily in the Greater China region and the majority of its transactions are denominated in Renminbi. As at June 30, 2024, the Group had no significant hedging financial instruments for managing its foreign exchange exposure. As the exchange rate of the Renminbi against foreign currencies may fluctuate, the Group may enter into forward contracts, currency swaps or options to hedge against currency risks arising from foreign currency transactions when necessary.

The Group has a dedicated treasury division and internal treasury policies and approval guidelines to manage and control the Group's exposure to structured deposit investments. The use of derivatives and approval procedures for the Period was in accordance with the Group's internal policies and guidelines.



# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS AND FUTURE DEVELOPMENTS

Amid the ongoing dynamic retail environment, the Group will focus primarily on safeguarding margins, supported by its operational excellence and digital transformation strategy. It will also continue to enhance its business portfolio, diversify its channel mix, maintain its strategic approach to dynamic inventory control, and most importantly, effectively manage its working capital management.

The Group will continue to implement its retail refinement strategy to offer a digitally-enabled and superior customer experience, while dynamically managing its B&M and omni-channel footprint. This includes prudently introducing and expanding new store concepts, such as its new “YYQUALITY” stores – a new multi-brand outlet store concept – that provide customers with an appealing option to find quality good-value merchandise, while staying attuned to market trends with new formats that strengthen the Group’s competitive position and offer diversified shopping experiences. As it seeks to broaden its exposure to different sports product categories and segments, the Group is progressively opening several new mono brands stores for Saucony, Hoka, Pony and popular Korean yoga brand XEXYMIX for which the Group is the sole distributor in mainland China. As the needs and preferences of consumers rapidly evolve, the operating team has grasped the core needs, further expanding its public and private domains within its omni-channels to cater to current trends. It is also strengthening its product selection and stock building, adopting an online multi-storefront model and pursuing a more multi-faceted approach, such as Xiaohongshu “grass-planting” marketing initiatives.

At the same time, the Group will enhance the implementation, integration and upgrade of its SAP system, utilising its multi-functional modules to achieve the integration and optimisation of business and finance, laying a solid foundation for strategic decision-making at the management level. Additionally, the Group will further integrate its business intelligence platforms, enabling the real-time monitoring of overall operations through digital cloud-based financial dashboards. It will also leverage other digital empowerment tools, such as its recently upgraded artificial intelligence shift scheduling system to improve its operational efficiency. Furthermore, the Group will continue to reinforce its in-season sell-through, off-season clearance and solid margin through its PSP, a more agile procurement strategy and inventory management.



# MANAGEMENT DISCUSSION AND ANALYSIS

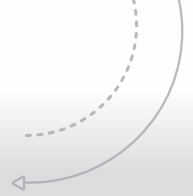
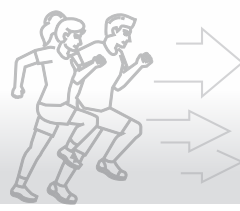
## PROSPECTS AND FUTURE DEVELOPMENTS (continued)

The Group will also continue to maximise its strategic partnerships with business associates. This includes reinforcing its commitment to inventory sharing and expanding its connected membership programmes with brand partners, which allows consumers to access the same premium member-exclusive products, offers and experiences available at the directly operated stores of these brands in the Greater China region. In addition, the Group will further expand its YYsports Douyin stores that cooperate with selected brands, which are exclusively-authorized Douyin accounts that are quickly incubated by its experienced team and create popular product assortments, establishing a high-quality revenue-generating channel.

Despite the near-term macroeconomic headwinds, the prospects for the sports industry in the Greater China region remain bright, with the China authorities remaining committed to high-quality sports development and boosting relevant consumption, with the industry set to grow to RMB5 trillion in value by 2025, underscoring the growth potential within the sports market. This will be further fuelled by anticipated consumption growth associated with the 2024 UEFA European Football Championship and the Olympic Games in Paris. These trends will drive the Group's sustainable growth momentum while strengthening its long-term operating performance and profitability.

## HUMAN RESOURCES

As at June 30, 2024, the Group had approximately 20,700 employees in total. The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. The Company offers share awards to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, the Group provides other fringe benefits, such as social insurance, mandatory provident funds, medical coverage and training programmes for employees based on their respective personal career development.



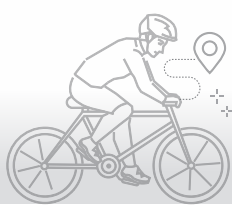
## **OTHER INFORMATION**

### **INTERIM DIVIDEND AND SPECIAL DIVIDEND**

The Board has resolved to declare an interim dividend of HK\$0.02 in cash per Share for the six months ended June 30, 2024 (six months ended June 30, 2023: interim dividend of HK\$0.0185 per Share). In addition to the interim dividend, to reward the Shareholders' continued support, the Board has resolved to declare a special dividend of HK\$0.02 in cash per Share (six months ended June 30, 2023: nil), bringing the total dividends declared for the Period to HK\$0.04 per Share, representing a payout ratio of 60%. The interim dividend and special dividend will be paid on Friday, October 4, 2024 to the Shareholders whose names appear on the Register of Members on Wednesday, September 11, 2024.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Wednesday, September 11, 2024 to Friday, September 13, 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the interim dividend and special dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office 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 no later than 4:30 p.m. on Tuesday, September 10, 2024. The record date for entitlement to the interim dividend and special dividend will be Wednesday, September 11, 2024.



## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2024, the interests or short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which (a) as required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### Long Positions in shares and underlying shares

(a) *The Company*

##### Ordinary shares of HK\$0.01 each of the Company

Name of Directors/ Chief Executive	Capacity	Number of Shares/underlying Shares held				Total	Percentage of the issued Shares <sup>1</sup>
		Personal interests	Family interests	Corporate interests	Other interests		
Tsai Patty, Pei Chun	Beneficial Owner	19,523,000	-	-	-	19,523,000	0.37%
Yu Huan-Chang	Beneficial Owner	1,200,000 <sup>2</sup>	-	-	-	1,200,000	0.02%
Wang Jun	Beneficial Owner	3,724,335	-	-	-	3,724,335	0.07%

notes:

<sup>1</sup> The total number of issued Shares as at June 30, 2024 was 5,326,179,615.

<sup>2</sup> Included interests in 840,000 awarded Shares granted under the share award scheme of the Company (the "Share Award Scheme"), which are subject to certain vesting conditions and remain unvested as at June 30, 2024. Details of the awarded Shares are set out in the section "Share Award Scheme" in this interim report.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

#### Long Positions in shares and underlying shares (continued)

(b) Associated Corporation – Yue Yuen

#### Ordinary shares of HK\$0.25 each of Yue Yuen

Name of Directors/ Chief Executive	Capacity	Number of shares/underlying shares held				Total	Percentage of the issued shares of Yue Yuen <sup>1</sup>
		Personal interests	Family interests	Corporate interests	Other interests		
Yu Huan-Chang	Beneficial Owner	120,000 <sup>2</sup>	-	-	-	120,000	0.01%
Hu, Chia-Ho	Beneficial Owner	458,000 <sup>3</sup>	-	-	-	458,000	0.03%
Wang Jun	Beneficial Owner	48,000 <sup>4</sup>	-	-	-	48,000	0.00%

notes:

- <sup>1</sup> The total number of issued shares of Yue Yuen as at June 30, 2024 was 1,612,183,986.
- <sup>2</sup> Included interests in 90,000 awarded shares granted by Yue Yuen under the share award scheme of Yue Yuen (the "YY Share Award Scheme"), which are subject to certain vesting conditions and remain unvested as at June 30, 2024. Details of the awarded Shares are set out in the section "Arrangement to Acquire Shares or Debentures" in this interim report.
- <sup>3</sup> Included interests in 45,000 awarded shares granted by Yue Yuen under the YY Share Award Scheme, which are subject to certain vesting conditions and remain unvested as at June 30, 2024. Details of the awarded Shares are set out in the section "Arrangement to Acquire Shares or Debentures" in this interim report.
- <sup>4</sup> 48,000 awarded shares granted by Yue Yuen under the YY Share Award Scheme, which are subject to certain vesting conditions and remain unvested as at June 30, 2024.



## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Save as disclosed above, as at June 30, 2024, none of the Directors nor Chief Executive had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE AWARD SCHEME

The Share Award Scheme was adopted on May 9, 2014 and duly amended on November 11, 2016, and further amended and restated on November 13, 2023 by the Board upon the recommendation by the remuneration committee of the Board (the "Remuneration Committee") for recognising the contributions by certain persons, including Directors and employees of the Group, providing incentives to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group. All personnel of the Group are entitled to participate. It is funded by the existing Shares of the Company and not involving issue of new Shares.

The Share Award Scheme was valid and effective for a period of 10 years commencing on the date of adoption (i.e. from May 9, 2014 to May 8, 2024), and has been further extended for another 10 years upon expiration of the initial term (i.e. from May 9, 2024 to May 8, 2034) by amending and restating the rules and trust deed relating to the Share Award Scheme. No further share awards should be granted upon termination or expiry of the Share Award Scheme.





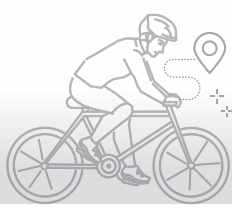
## OTHER INFORMATION

### SHARE AWARD SCHEME (continued)

Any proposed award should be determined on the basis of individual performance and must be recommended by the Remuneration Committee and approved by the Board. All the awarded Shares granted under the Share Award Scheme should be vested in accordance with the conditions (such as employment status, individual performance and common key performance indicators) and timetable (i.e. vesting period) as determined by the Board. In the case of a Director or an employee of the Group, the grantee must remain at all times a Director or an employee of the Group. Clawback will be applied where there is exceptionally poor performance, misconduct or material breach of terms of employment or rules or policies of the Company prior to the vesting date and the Board will determine to vary or cancel the relevant award.

For awarded Shares that are already granted, they are generally granted on the basis of the individual performance of the relevant grantee, and vested in tranches over a period of consecutive years with dates determined by the Board subject to fulfilment of performance target(s) and condition(s). The most common performance target is “attaining “good” or better performance rating for all appraisals conducted during the vesting period”. Taking ‘vest-in-tranches’ into consideration, vesting periods generally range from 1 to 3 years. In addition, to improve the effectiveness of the Share Award Scheme for motivating employees of the Group to strive for excellence in their work, the Board, upon the recommendation by the Remuneration Committee, resolved to amend the general vesting condition that is in relation to the individual performance of the employees (i.e. attaining “good” or better performance rating for the appraisal conducted immediately preceding the vesting date of the relevant tranche of awarded Shares), which would be applied to the awarded Shares being granted on or after May 9, 2024.

According to the letter of award, the amount payable on acceptance of the grant of awarded Shares is HK\$1.00 with no deadline specified. Apart from this, no monetary payment has to be made by grantee to acquire share awards under the Share Award Scheme.



## OTHER INFORMATION

### SHARE AWARD SCHEME (continued)

The total number of Shares to be awarded under the Share Award Scheme should not exceed 4% of the number of issued Shares (i.e. 5,326,179,615 Shares) as at the date of grant, which is 213,047,184. The maximum number of Shares (including vested and non-vested Shares) which may be awarded to a selected participant should not exceed 1% of the issued Shares from time to time, which is 53,261,796.

Under the Share Award Scheme, a total of 111,721,810 Shares, representing approximately 2.10% of the issued Shares, have been awarded and the total number of Shares available for being further awarded is 101,325,374, representing approximately 1.90% of the issued Shares, as at the date of this report.

Eligible participant(s) selected by the Board for participation in the Share Award Scheme shall have no right to any dividend held under the trust before vesting which shall form part of the residual cash or any of the returned Shares. The trustee of the Share Award Scheme shall not exercise the voting rights in respect of any Shares held under the trust (including but not limited to the awarded Shares, the returned Shares, any bonus Shares and scrip dividend).

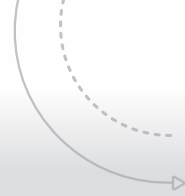
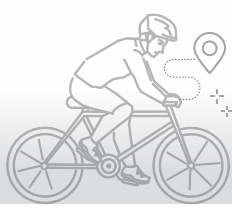
## OTHER INFORMATION

### SHARE AWARD SCHEME (continued)

Pursuant to the Share Award Scheme, movements in awarded Shares during the period are set out below:

	Date of grant	Vesting period	Number of awarded Shares				Balance as at June 30, 2024
			Balance as at January 1, 2024	Granted during the period	Lapsed/ cancelled during the period	Vested during the period	
<b>Director/Chief Executive</b>							
Yu Huan-Chang	11.11.2022	11.11.2022-10.11.2024	360,000	-	-	-	360,000
	11.11.2022	11.11.2022-10.11.2025	480,000	-	-	-	480,000
Wang Jun	24.03.2021	24.03.2021-23.03.2024	240,000	-	-	(240,000)	-
Sub-total			1,080,000	-	-	(240,000)	840,000
<b>Employees in aggregate</b>							
	24.03.2021	24.03.2021-23.03.2024	2,752,000	-	-	(2,752,000)	-
	13.08.2021	13.08.2021-12.02.2024	523,200	-	(7,800)	(515,400)	-
	13.08.2021	13.08.2021-12.08.2024	872,000	-	(13,000)	-	859,000
Sub-total			4,147,200	-	(20,800)	(3,267,400)	859,000
Grand total			5,227,200	-	(20,800)	(3,507,400)	1,699,000

The weighted average closing price of the Shares immediately before the dates on which the awards that were vested during the period was HK\$0.68 per Share.



## OTHER INFORMATION

### ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Under the YY Share Award Scheme and subject to certain vesting conditions, two of the Directors have been awarded with ordinary shares of Yue Yuen, details of which are as follows:

Name of Directors	Date of award	Number of shares awarded	Date of vesting	Number of shares vested	Number of shares unvested
Yu Huan-Chang	28.06.2023	90,000	31.05.2025	-	90,000
Hu, Chia-Ho	28.06.2023	45,000	31.05.2025	-	45,000
	20.03.2024	78,000	01.06.2024	78,000	-

Save as disclosed herein and as stated in the section "Share Award Scheme" above, at no time during the period was the Company or any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.



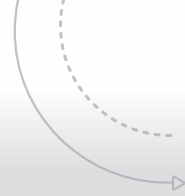
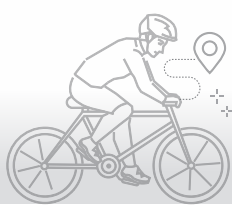
## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2024, the register of interests in Shares and short positions of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", the following Shareholders had notified the Company of their relevant interests in the issued Shares:

#### Long Positions in the Shares

Name of Shareholders	notes	Capacity/ Nature of interest	Number of Shares held	Percentage of the issued Shares
Major Focus Management Limited ("Major Focus")	(a)	Beneficial owner	3,331,551,560	62.55%
Yue Yuen	(a), (b)	Interest of a controlled corporation/Beneficial owner	3,331,551,560	62.55%
Wealthplus Holdings Limited ("Wealthplus")	(b)	Interest of a controlled corporation	3,331,551,560	62.55%
Pou Chen Corporation ("PCC")	(b)	Interest of a controlled corporation	3,331,551,560	62.55%



## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

#### Long Positions in the Shares (continued)

*notes:*

The total number of issued Shares as at June 30, 2024 was 5,326,179,615.

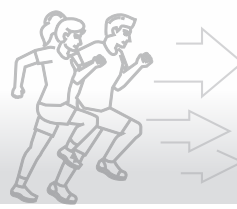
- (a) 3,331,551,560 Shares are held by Major Focus, a wholly-owned subsidiary of Yue Yuen.
- (b) The entire issued shares of Major Focus is held by Yue Yuen, in which Wealthplus and Win Fortune Investments Limited ("Win Fortune") respectively hold 47.95% and 3.16% voting shares. Wealthplus and Win Fortune are in turn wholly-owned by PCC. Accordingly, Yue Yuen, Wealthplus and PCC are all deemed to be interested in these Shares under the SFO.

Ms. Tsai Patty, Pei Chun, a Director, is also a director of Yue Yuen, Wealthplus and PCC. Mr. Chen, Huan-Chung, a Director, is also an independent director of PCC.

Save as disclosed above, as at June 30, 2024, the Directors were not aware of any other person (other than the Directors or Chief Executive) who had or was deemed to have an interest or short position in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2024 (six months ended June 30, 2023: nil).



## **OTHER INFORMATION**

### **UPDATE ON DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION**

There has been no change in the information of the Directors and Chief Executive which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of publication of the Company's 2023 annual report.

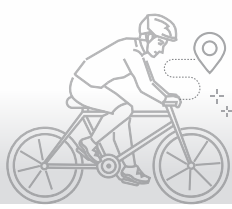
### **CORPORATE GOVERNANCE**

The Company has applied the principles of, and has complied with all applicable code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the six months ended June 30, 2024.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by Directors. Having made specific enquiry by the Company to all Directors, each of them has confirmed that he/she has complied with the required standards set out in the Model Code throughout the six months ended June 30, 2024.

The Company has also established and adopted internal guidelines for securities transactions by relevant employees (the "Employees Guidelines"). The Employees Guidelines are updated from time to time according to the Model Code. Specified employees who are likely to be in possession of unpublished inside information relating to the Company and its securities must comply with the Employees Guidelines.



## **OTHER INFORMATION**

### **REVIEW OF ACCOUNTS**

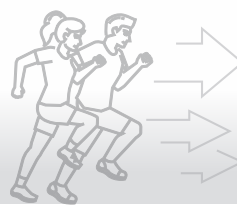
The audit committee of the Board has reviewed, with management and the independent auditor of the Company, the Group's unaudited condensed consolidated financial information for the six months ended June 30, 2024, the interim report, the accounting principles and practices adopted by the Group and has discussed risk management, internal controls, and financial reporting matters.

Deloitte Touche Tohmatsu, certified public accountants and the independent auditor of the Company, has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

### **ACKNOWLEDGEMENT**

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





## OTHER INFORMATION

### DIRECTORS

As at the date of this report, the Board comprises:

#### Executive Directors

Mr. Yu Huan-Chang (Chairman), Mr. Hu, Chia-Ho and Mr. Chen, Li-Chieh (Chief Financial Officer)

#### Non-executive Directors

Ms. Tsai Patty, Pei Chun and Mr. Li I-nan

#### Independent Non-executive Directors

Mr. Chen, Huan-Chung, Mr. Feng Lei Ming and Mr. Liu, Hsi-Liang

By Order of the Board

**Yu Huan-Chang**

*Chairman*

Hong Kong, August 12, 2024

Website: [www.pousheng.com](http://www.pousheng.com)



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



# WAKE UP YOUR LIFE

