



# Make Sports Your Life

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2021 INTERIM REPORT  
二零二一年中期報告



# SPORTS



**POU SHENG INTERNATIONAL (HOLDINGS) LIMITED**  
**實勝國際(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)

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# 2021 INTERIM REPORT

## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Wu, Pan-Tsu (Chairman)  
Lee, Shao-Wu (Chief Executive Officer)  
Liao, Yuang-Whang (Chief Financial Officer)  
(appointed on June 1, 2021)

#### Non-executive Directors

Tsai Patty, Pei Chun  
Li I-nan

#### Independent Non-executive Directors

Chen, Huan-Chung  
Hsieh, Wuei-Jung  
Feng Lei Ming

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

Hsieh, Wuei-Jung (Chairman)  
Chen, Huan-Chung  
Li I-nan

### NOMINATION COMMITTEE

Wu, Pan-Tsu (Chairman)  
Chen, Huan-Chung  
Feng Lei Ming

### DISCLOSURE COMMITTEE

Wu, Pan-Tsu (Chairman)  
Lee, Shao-Wu

### AUTHORISED REPRESENTATIVES

Wu, Pan-Tsu  
Fan Kam Wing

### COMPANY SECRETARY

Fan Kam Wing

### 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

### SOLICITOR

Reed Smith Richards Butler

### PRINCIPAL BANKERS

Australia and New Zealand Bank (China)  
Company Limited  
Australia and New Zealand Banking Group  
Limited  
Bank of America N.A. Shanghai Branch  
Citibank (China) Co., Limited  
HSBC Bank (China) Company Limited  
Industrial and Commercial Bank of China Limited  
Mizuho Bank, Limited  
Mizuho Bank (China), Limited  
Standard Chartered Bank (China) Limited  
Standard Chartered Bank (Hong Kong) Limited  
Taishin International Bank Company Limited  
United Overseas Bank Limited

### WEBSITE

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

### STOCK CODE

3813

# POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

## THE GROUP'S FINANCIAL HIGHLIGHTS

For the six months ended June 30,

Financial performance	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	Change
Revenue	13,073,865	11,740,200	11.4%
Gross profit	4,722,074	3,520,136	34.1%
Operating profit	933,383	201,757	362.6%
Profit attributable to owners of the Company	635,852	12,314	5,064%
Gross profit margin (%)	36.1%	30.0%	6.1 ppt
Operating profit margin (%)	7.1%	1.7%	5.4 ppt
Basic earnings per share (RMB cents)	12.24	0.23	12.01

As at

Financial position	June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)	Change
Inventories	6,063,907	5,869,541	3.3%
Trade and other receivables	3,354,187	3,360,206	-0.2%
Bank balances and cash	1,789,880	1,742,290	2.7%
Bank borrowings	1,915,562	1,948,679	-1.7%

# 2021 INTERIM REPORT

## 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 set out on pages 6 to 25, which comprises the condensed consolidated statement of financial position as of June 30, 2021 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 certain explanatory notes. 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 (the "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, 2021

# 2021 INTERIM REPORT

## INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Pou Sheng International (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended June 30, 2021 with the corresponding comparative figures as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2021

	NOTES	For the six months ended June 30,	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	3	13,073,865	11,740,200
Cost of sales		(8,351,791)	(8,220,064)
Gross profit		4,722,074	3,520,136
Other operating income and gains (losses)		222,758	140,794
Selling and distribution expenses		(3,606,935)	(3,023,774)
Administrative expenses		(404,514)	(435,399)
Operating profit		933,383	201,757
Finance costs	5	(109,509)	(131,028)
Finance income		14,557	6,864
Share of results of joint ventures		(94,952)	(124,164)
Other losses		24,649	(9,965)
		(10,172)	-
Profit before taxation		852,908	67,628
Income tax expense	4	(202,640)	(50,249)
<b>Profit for the period</b>	5	<b>650,268</b>	<b>17,379</b>
Attributable to:			
Owners of the Company		635,852	12,314
Non-controlling interests		14,416	5,065
		<b>650,268</b>	<b>17,379</b>
Earnings per share	7		
- Basic		RMB12.24 cents	RMB0.23 cent
- Diluted		RMB12.20 cents	RMB0.23 cent

# POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

## INTERIM RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2021

	For the six months ended June 30,	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
<b>Profit for the period</b>	<b>650,268</b>	17,379
<b>Other comprehensive (expense) income</b>		
<i>An item that will not be reclassified to profit or loss</i>		
Fair value loss on investments in equity instrument at fair value through other comprehensive income	(88)	-
<i>An item that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	(453)	1,245
Other comprehensive (expense) income for the period	(541)	1,245
<b>Total comprehensive income for the period</b>	<b>649,727</b>	18,624
Attributable to:		
Owners of the Company	635,311	13,635
Non-controlling interests	14,416	4,989
	<b>649,727</b>	18,624

# 2021 INTERIM REPORT

## INTERIM RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2021

	NOTES	At June 30, 2021 RMB'000 (unaudited)	At December 31, 2020 RMB'000 (audited)
<b>Non-current assets</b>			
Investment properties		94,700	94,700
Property, plant and equipment	8	1,161,064	1,294,239
Right-of-use assets	8	3,206,262	3,246,941
Deposit paid for acquisition of property, plant and equipment		37,958	60,583
Rental deposits		179,341	183,988
Intangible assets		119,289	180,351
Goodwill		522,163	522,163
Interests in joint ventures		403,428	378,779
Equity instrument at fair value through other comprehensive income		3,047	3,149
Deferred tax assets		64,174	64,288
		<b>5,791,426</b>	6,029,181
<b>Current assets</b>			
Inventories		6,063,907	5,869,541
Trade and other receivables	9	3,354,187	3,360,206
Taxation recoverable		144	639
Bank balances and cash		1,789,880	1,742,290
		<b>11,208,118</b>	10,972,676
Non-current assets classified as held for sale	10	-	20,412
		<b>11,208,118</b>	10,993,088

# POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

## INTERIM RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At June 30, 2021

	NOTES	At June 30, 2021 RMB'000 (unaudited)	At December 31, 2020 RMB'000 (audited)
<b>Current liabilities</b>			
Trade and other payables	11	2,943,880	3,234,451
Contract liabilities		385,142	585,863
Taxation payable		106,280	185,517
Bank borrowings		1,915,562	1,948,679
Lease liabilities		960,744	1,047,232
		<b>6,311,608</b>	7,001,742
<b>Net current assets</b>		<b>4,896,510</b>	3,991,346
<b>Total assets less current liabilities</b>		<b>10,687,936</b>	10,020,527
<b>Non-current liabilities</b>			
Deferred tax liabilities		45,569	60,442
Lease liabilities		2,138,509	2,084,055
		<b>2,184,078</b>	2,144,497
<b>Net assets</b>		<b>8,503,858</b>	7,876,030
<b>Capital and reserves</b>			
Share capital	12	46,688	46,688
Reserves		8,355,190	7,723,513
Equity attributable to owners of the Company		<b>8,401,878</b>	7,770,201
Non-controlling interests		101,980	105,829
<b>Total equity</b>		<b>8,503,858</b>	7,876,030

# 2021 INTERIM REPORT

## INTERIM RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2021

	Equity attributable to owners of the Company															Total equity RMB'000	
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (note (i))	Other reserve RMB'000 (note (i))	Revaluation reserve RMB'000	Merger reserve RMB'000 (note (ii))	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	Share-based compensation 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
At January 1, 2020 (audited)	46,685	5,174,836	676,506	(1,484,758)	55,395	29,544	6,381	-	(104,494)	24,081	6,869	670,149	(13,313)	2,524,693	7,612,574	93,504	7,706,078
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	1,321	-	1,321	(76)	1,245
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	12,314	12,314	5,065	17,379
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-	1,321	12,314	13,635	4,989	18,624
Recognition of equity-settled share-based payments, net of amount lapsed relating to share awards not yet vested	-	-	-	-	-	-	-	-	-	561	-	-	-	-	561	-	561
Recognition of equity-settled share-based payments, net of amount lapsed relating to share options not yet vested	-	-	-	-	-	-	-	-	-	-	(4,971)	-	-	-	(4,971)	-	(4,971)
Transfer upon lapse of share awards	-	-	-	-	-	-	-	-	-	(1,144)	-	-	-	-	(1,144)	-	(1,144)
Share award vested	-	-	-	-	-	-	-	4,579	(4,504)	-	-	-	-	(75)	-	-	-
Exercise of share options	3	506	-	-	-	-	-	-	-	(161)	-	-	-	-	348	-	348
Acquisition of additional interests of a subsidiary	-	-	-	(1,943)	-	-	-	-	-	-	-	-	-	-	(1,943)	581	(1,362)
Transfer	-	-	-	-	-	-	-	-	-	-	19,768	-	(19,768)	-	-	-	-
At June 30, 2020 (unaudited)	46,688	5,175,342	676,506	(1,486,701)	55,395	29,544	6,381	-	(99,915)	18,994	1,737	689,917	(11,992)	2,517,164	7,619,060	99,074	7,718,134
At January 1, 2021 (audited)	<b>46,688</b>	<b>5,175,342</b>	<b>676,506</b>	<b>(1,486,701)</b>	<b>55,395</b>	<b>29,544</b>	<b>6,381</b>	<b>827</b>	<b>(233,775)</b>	<b>13,333</b>	<b>893</b>	<b>730,933</b>	<b>(11,643)</b>	<b>2,766,478</b>	<b>7,770,201</b>	<b>105,829</b>	<b>7,876,030</b>
Fair value loss on investments in equity instrument of fair value through other comprehensive income	-	-	-	-	-	-	-	(88)	-	-	-	-	-	-	(88)	-	(88)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	(453)	-	(453)	-	(453)
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	635,852	635,852	14,416	650,268
Total comprehensive income for the period	-	-	-	-	-	-	-	(88)	-	-	-	-	(453)	635,852	635,311	14,416	649,727
Recognition of equity-settled share-based payments, net of amount lapsed relating to share awards not yet vested	-	-	-	-	-	-	-	-	2,601	-	-	-	-	-	2,601	-	2,601
Share award vested	-	-	-	-	-	-	-	12,331	(7,559)	-	-	-	-	(4,772)	-	-	-
Dividend declared to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(28,000)	(28,000)
Deemed disposal of partial interest in a subsidiary	-	-	-	(6,235)	-	-	-	-	-	-	-	-	-	-	(6,235)	6,235	-
Capital contribution by a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500	3,500
Transfer	-	-	-	-	-	-	-	-	-	-	34,107	-	(34,107)	-	-	-	-
At June 30, 2021 (unaudited)	<b>46,688</b>	<b>5,175,342</b>	<b>676,506</b>	<b>(1,492,936)</b>	<b>55,395</b>	<b>29,544</b>	<b>6,381</b>	<b>739</b>	<b>(221,444)</b>	<b>8,375</b>	<b>893</b>	<b>765,040</b>	<b>(12,096)</b>	<b>3,363,451</b>	<b>8,401,878</b>	<b>101,980</b>	<b>8,503,858</b>

## INTERIM RESULTS

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

*For the six months ended June 30, 2021*

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 profits 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.

# 2021 INTERIM REPORT

## INTERIM RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2021

	For the six months ended June 30,	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
<b>Net cash from operating activities</b>	<b>989,350</b>	2,719,431
<b>Net cash used in investing activities</b>		
Payment for acquisition of property, plant and equipment/ deposits paid for acquisition of property, plant and equipment	(223,532)	(163,298)
Advance to a non-controlling interest of a subsidiary	(68,000)	(68,000)
Payments for right-of-use assets	(7,865)	(15,380)
Repayment of advance to a non-controlling interest of a subsidiary	68,000	68,000
Interest received	14,557	6,864
Receipt (payments) for rental deposits	10,854	(6,163)
Proceeds from disposal of property, plant and equipment	5,836	8,970
Proceeds received from disposal of non-current assets classified as held for sale	4,657	4,500
Redemption of structured bank deposits	-	50,000
Dividends received from an equity instrument at fair value through other comprehensive income	-	853
Capital injection in a joint venture	-	(110,000)
Placement of structured bank deposits	-	(50,000)
	<b>(195,493)</b>	(273,654)

# POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

## INTERIM RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended June 30, 2021

	For the six months ended June 30,	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
<b>Net cash used in financing activities</b>		
Repayment of bank and other borrowings	(1,301,634)	(2,960,263)
Repayments of leases liabilities, including related interests	(679,475)	(563,376)
Interest paid on bank and other borrowings	(37,270)	(75,120)
New bank and other borrowings raised	1,268,850	2,154,688
Capital contribution by a non-controlling interest	3,500	-
Proceeds from issue of shares upon exercise of share options	-	348
Acquisition of additional interests of a subsidiary	-	(1,362)
	<b>(746,029)</b>	<b>(1,445,085)</b>
<b>Net increase in cash and cash equivalents</b>	<b>47,828</b>	<b>1,000,692</b>
Effect of foreign exchange rate changes	(238)	1,885
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,742,290</b>	<b>613,591</b>
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>1,789,880</b>	<b>1,616,168</b>

## INTERIM RESULTS

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

#### 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 amount or fair values, as appropriate.

The accounting policies applied and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are consistent with those of the annual financial statements for the year ended December 31, 2020.

#### 2.1 *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 annual period beginning on or after January 1, 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

The application of amendments to HKFRSs in the current 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)

#### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

##### 2.2 *Potential impact of application of the June 2021 International Financial Reporting Standards Interpretations Committee's (the "Committee") agenda decision - Costs necessary to sell inventories*

In June 2021, the Committee, through its agenda decision clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental to a particular sale.

As at June 30, 2021, the Group is still in the process of assessing the potential impact and has yet to implement the change in accounting policy based on the Committee's agenda decision. The impacts on such change, if any, will be disclosed in the Group's future consolidated financial statements.

#### 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. No other discrete financial information is presented.

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

	For the six months ended June 30,	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Sales of sportswear and footwear products	13,008,017	11,690,618
Commissions from concessionaire sales	65,848	49,582
	<b>13,073,865</b>	11,740,200

# 2021 INTERIM REPORT

## INTERIM RESULTS

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

#### 4. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
PRC Enterprise Income Tax		
- Current period	221,755	79,478
- Overprovision in prior periods	(4,252)	(11,125)
Current tax charge - total	217,503	68,353
Deferred tax credit	(14,863)	(18,104)
	202,640	50,249

# POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

## INTERIM RESULTS

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

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

	For the six months ended June 30,	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
<b>(a) Finance costs</b>		
Interest expense on bank and other borrowings	38,027	69,969
Interest expense on lease liabilities	71,482	61,059
	<b>109,509</b>	131,028
<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)	1,412,691	1,211,732
Depreciation of right-of-use assets	624,544	567,832
Depreciation of property, plant and equipment	270,914	273,466
Net changes in allowance for inventories (included in cost of sales)	(12,861)	(28,222)
Amortisation of intangible assets (included in selling and distribution expenses)	50,520	51,483
Gross rental income from investment properties, net of direct expenses	(2,296)	(1,995)
Loss on disposal of property, plant and equipment (included in other operating income and gains (losses))	19,191	16,830
Impairment (reversal)/losses recognised on trade and other receivables, net (included in other operating income and gains (losses))	(3,953)	4,934
Impairment loss of an intangible asset (included in other losses)	10,172	-

For the six months ended June 30, 2021 and 2020, cost of inventories recognised as an expense represents cost of sales as shown in the condensed consolidated income statement.

# 2021 INTERIM REPORT

## INTERIM RESULTS

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

#### 6. DIVIDENDS

No dividends were paid or declared for both interim periods.

Subsequent to the end of the current interim period, the Directors of the Company have determined that no interim dividend will be paid in respect of the interim period (six months ended June 30, 2020: nil).

#### 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,	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Earnings:		
Earnings for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	635,852	12,314

## INTERIM RESULTS

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

#### 7. EARNINGS PER SHARE (continued)

	For the six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>5,193,775,897</b>	5,260,779,468
Effect of dilutive potential ordinary shares:		
– Share options	-	57,624
– Unvested awarded shares	<b>18,199,130</b>	36,114,105
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>5,211,975,027</b>	5,296,951,197

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.

The computation of diluted earnings per share does not assume the exercise of certain share options of the Company because the exercise price of those options was higher than the average market price for shares for both periods.

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

During the current interim period, the Group acquired property, plant and equipment of RMB162,867,000 (six months ended June 30, 2020: RMB185,541,000).

During the current interim period, the Group has disposed of/written off certain property, plant and equipment with an aggregate carrying amount of RMB25,027,000 (six months ended June 30, 2020: RMB25,800,000) for cash proceeds of RMB5,836,000 (six months ended June 30, 2020: RMB8,970,000), resulting in a loss on disposal/written off of RMB19,191,000 (six months ended June 30, 2020: RMB16,830,000).

## INTERIM RESULTS

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

#### 8. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

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 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 RMB466,162,000 and RMB175,676,000, respectively (six months ended June 30, 2020: RMB314,541,000 and RMB68,956,000, respectively). The Group derecognised the right-of-use assets resulting from lease modifications amounting to RMB57,951,000 (six months ended June 30, 2020: RMB88,352,000).

At the end of the current interim period, capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements was RMB113,944,000 (December 31, 2020: RMB140,010,000), and the Group entered into new leases for several retail stores that have not yet commenced, with an average non-cancellable period ranging from 3 to 5 years (2020: 3 to 5 years), the total future undiscounted cash flows over the non-cancellable period amounted to RMB61,120,000 (December 31, 2020: RMB100,153,000).

#### 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, 2021 RMB'000 (unaudited)	At December 31, 2020 RMB'000 (audited)
0 - 30 days	1,229,779	1,634,315
31 - 90 days	162,778	68,601
Over 90 days	2,962	47
	<b>1,395,519</b>	<b>1,702,963</b>

## INTERIM RESULTS

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

#### 10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In December 2020, the Group completed the partial disposal of its 15% out of the 50% equity interests in a joint venture to the joint venture partner for a consideration of RMB8,748,000 and the remaining equity interests in the joint venture held by the Group have been presented as non-current assets held for sale. The Group received consideration of RMB15,755,000 in advance for the remaining interests in the joint venture.

During the current interim period, the Group disposed and transferred the remaining 35% interests in the joint venture to the joint venture partner, after fully receiving remaining consideration of RMB4,657,000.

#### 11. 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, 2021 RMB'000 (unaudited)	At December 31, 2020 RMB'000 (audited)
0 - 30 days	1,309,277	1,451,157
31 - 90 days	8,494	8,033
Over 90 days	8,447	7,170
	<b>1,326,218</b>	1,466,360

# 2021 INTERIM REPORT

## INTERIM RESULTS

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

#### 12. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At January 1, 2020, June 30, 2020, January 1, 2021 and June 30, 2021	30,000,000,000	300,000
Issued and fully paid:		
At January 1, 2020	5,356,472,615	53,564
Exercise of share options	375,000	4
At June 30, 2020, January 1, 2021 and June 30, 2021	5,356,847,615	53,568
	<b>At June 30, 2021 RMB'000 (unaudited)</b>	At December 31, 2020 RMB'000 (audited)
Shown in the condensed consolidated financial statements	<b>46,688</b>	46,688

## INTERIM RESULTS

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

#### 13. SHARE OPTION SCHEME AND SHARE AWARD SCHEME

##### (a) Share Option Scheme

The Company's share option scheme was adopted pursuant to a shareholder resolution passed on May 14, 2008 and amended on March 7, 2012. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2021		2020	
	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$	Number of share options
As at January 1,	2.49	1,166,320	2.44	10,871,870
Exercised	N/A	-	1.05	(375,000)
Lapsed	N/A	-	2.49	(8,164,230)
As at June 30,		1,166,320		2,332,640
Exercisable at the end of the reporting period	2.49	1,166,320	2.49	2,332,640

##### (b) Share Award Scheme

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

	Number of share awards	
	2021	2020
As at January 1,	19,597,200	42,743,170
Granted	8,340,000	1,500,000
Vested	(8,888,000)	(4,305,000)
Lapsed	(1,163,600)	(9,775,370)
As at June 30,	17,885,600	30,162,800

# 2021 INTERIM REPORT

## INTERIM RESULTS

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

#### 13. SHARE OPTION SCHEME AND SHARE AWARD SCHEME (continued)

##### (b) Share Award Scheme (continued)

A total of 159,614,560 ordinary shares of the Company were held by the trustee of the share award scheme of the Company as at June 30, 2021 (December 31, 2020: 168,502,560 ordinary shares).

#### 14. 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,	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Joint venture of the Group	Sales of sportswear products by the Group	1,142,087	1,387,123
	Purchase of sportswear products by the Group	-	195,576
	Logistic service income by the Group	18,940	16,602
	Other service income charged by the Group	-	19,182
	Management fees charged to the Group	145,828	101,671
	Interest expenses charged to the Group	6,109	90
	Non-controlling interest of a subsidiary	Interest income charged by the Group	927

# POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

## INTERIM RESULTS

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

#### 14. RELATED PARTY DISCLOSURES (continued)

##### Transactions and balances (continued)

Relationship	Nature of balances	At	At
		June 30, 2021 RMB'000 (unaudited)	December 31, 2020 RMB'000 (audited)
Joint venture of the Group	Trade receivables of the Group	<b>146,489</b>	426,347
	Loan of the Group	<b>264,000</b>	264,000
	Interest receivable included in other receivables of the Group	<b>1,370</b>	5,965
	Other receivables of the Group	<b>45,092</b>	5,453
	Trade payables of the Group	<b>15,267</b>	27,275
	Other payables of the Group	<b>16,283</b>	36,150
	Non-controlling interest of a subsidiary	Other receivables of the Group	<b>34,000</b>
	Other payables of the Group	<b>2,800</b>	2,800

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Business Environment

Retail sentiment in China performed up and down throughout the first half of 2021, with consumption surpassing the pre-COVID-19 pandemic (the “Pandemic”) levels, particularly in the first quarter of 2021 when it produced a strong bounce back in revenue and margins.

However, the market dynamics happened in late March 2021 impacted the Group’s sales performance in the second quarter of 2021. Nevertheless, the Group kept leveraging on the continued integration of omni-channels – including public and private traffic domains with its scale-up and efficient brick and mortar (“B&M”) distribution network in China trying to generate satisfactory results for the shareholders. The outlook of sports industry remains robust and promising in China as more individuals built up exercise habits more frequently and further develop their passions for sports and better health. Beijing 2022 Winter Olympics and other national sports events would also accelerate the awareness of healthy lifestyle in China.

#### Channel Management – B&M

Sales momentum within the Group’s B&M store network was very strong in the first quarter though experiencing headwinds during the second quarter of 2021 amidst the market dynamics. The Group continued to improve the efficiency of B&M stores during the period under review by measures focusing on the improvements of store productivities (i.e. sales per square meter), in addition to the closures of underperforming stores. As at June 30, 2021, the Group’s retail network consisted of 4,968 directly operated stores and 3,860 sub-distributor stores across the Greater China region.

Movement of directly operated stores during the six months ended:

	June 30, 2021	June 30, 2020
At the beginning of the period	5,240	5,883
Net decrease in the number of stores	(272)	(286)
At the end of the period	4,968	5,597

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW (continued)

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

Numbers and percentages of directly operated stores by size:

	June 30, 2021		June 30, 2020	
	Number	%	Number	%
<b>Selling area</b>				
300 m <sup>2</sup> or smaller	<b>4,267</b>	<b>85.9</b>	5,023	89.7
Larger than 300 m <sup>2</sup>	<b>701</b>	<b>14.1</b>	574	10.3
Total	<b>4,968</b>	<b>100.0</b>	5,597	100.0

B&M retail channels remain a critical and irreplaceable sales touchpoint for consumers in China who want to discover and experience a unique and personalised shopping experience for sports products and services. The Group increased its capital expenditure and continued to invest in optimising store formats while accelerating its digital transformation by integrating its WeChat stores, membership programme and sports services to enrich the consumer experience and stimulate more higher-margin in-season sale within its offline network throughout the period under review.

#### Channel Management - Omni-channels

The Group continued to further integrate its omni-channels into its overall sales structure during the first half of 2021, including sales via public traffic domains like Tmall, JD, VIPshop, Douyin etc., as well as via the private traffic domain, the Group's scale-up 'Pan-WeChat Ecosphere', to engage with consumers.

These diverse channels include its fast-growing WeChat stores, in which its ExP (Energy x Power) membership platform is embedded to provide value-added services, diverse content and members-exclusive benefits, as well as livestreams on Douyin conducted by designated Key Opinion Staff. The interactive digital channels allow us to offer customised services and lift customer stickiness that help increase conversion rate with margin improvement. The Group continued to prioritise investing in and allocating resources to its private traffic channels and other online B2C channels, resulting in the contribution from these channels increasing further in the first half of 2021, as compared to the first half of 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW (continued)

#### Investment in Sports Services

With the resumption of selected sports events across China, the Group continued to organise online sports events to maintain its engagement with customers. It also continued to leverage the YYsports mobile application in the Greater China region, boosting the Group's ExP programme while offering diversified sports services content, interactive features, and other related services, to support in-depth membership management, to facilitate a seamless online and offline customer experience.

To accelerate the ExP sports services ecosystem to Mainland China in addition to the 1st pilot store in Taiwan in April 2020, the Group opened its second sports services store – 'Next Store' – in Shenyang in June 2021. The new and large-scale 'Next Store' in mainland China will further support the growth of the Group's omni-channel capabilities, in which services can be modularised for customisation and then be integrated into the Group's other B&M stores as required. 'Next Store' acts as a service hub: incorporating a wide and diverse range of sporting products by digital approach, alongside sports travel packages, regular broadcasting, unique reading/meditation environments, café corner, training services, sports events, colourful experiences, workshops, product and lifestyle consultations, as well as health and fitness meals – all derived from grass root sports activities organised by headquarters professional team and branch offices nationwide. The Group is also continuing to add diverse contents and intellectual property activities/events to attract consumers to its B&M stores and digital platforms to help achieve excellent conversion rates and widespread community interest.

#### Operational Excellence

The Group's working capital days further improved to 120 days in the first half of 2021, compared to 155 days for the first six months of 2020 and 142 days for the 2020 financial year. The Group continued to reinforce its product sharing platform ("PSP") and started to launch a pilot Omni Hub programme with brand partners to efficiently share products across different online platforms, optimise its inventory mix and reduce idle inventory. It also continued to invest in its business intelligence system and digital tools to increase its operational excellence and operational efficiency, particularly in areas such as real-time in-store efficiency and resource optimisation. Thus, the Group's inventory turnover days decreased to 129 days in the first half of 2021, compared to 146 days in the first half of 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW (continued)

#### Operational Excellence (continued)

The Group's continued investments in its omni-channels and sports services also remain essential for developing its unique core competencies, maintaining its competitiveness and supporting its long-term development. Through these aforementioned efforts, the Group is confident that it will overcome the current challenges and manage rising costs while capturing long-term growth opportunities.

With the continuing improvements of operating efficiency, the Group maintained a low net debt to equity ratio at 1.5% (December 31, 2020: 2.6%)

### PERFORMANCE ANALYSIS

#### Financial Review

In the first half of 2021, the Group recorded revenue of RMB13,073.9 million, representing an increase of 11.4% compared with the same period of last year. Gross profit was RMB4,722.1 million, an increase of 34.1% when compared to the same period of last year. Profit attributable to owners of the Company for the first half of 2021 was RMB635.9 million.

#### Revenue

The Group's total revenue in the first half of 2021 increased 11.4% to RMB13,073.9 million, as compared with the same period of last year. The increase was mainly attributed to the strong consumption recovery in the first quarter, despite the impact of the market dynamics that started since late March 2021, which weighed on its performance in the second quarter of 2021.

#### For the six months ended June 30,

	2021 RMB million	2020 RMB million	Change
Revenue	13,073.9	11,740.2	11.4%
Cost of sales	(8,351.8)	(8,220.1)	1.6%
Gross profit	4,722.1	3,520.1	34.1%
Gross profit margin (%)	36.1%	30.0%	6.1 ppt

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE ANALYSIS (continued)

#### Gross Profit

The Group's gross profit in the first half of 2021 amounted to RMB4,722.1 million with a gross profit margin of 36.1%. The gross profit margin increased 6.1 percentage points compared to the same period of last year, which was mainly attributed to effective promotion strategy, disciplined discounts control and enhanced sales mix.

#### Selling & Distribution Expenses and Administrative Expenses

Selling and distribution expenses in the first half of 2021 were RMB3,606.9 million (first half of 2020: RMB3,023.8 million), accounting for 27.6% of the Group's revenue (first half of 2020: 25.8%). The selling and distribution expenses primarily include concessionaire fee, depreciation of right-of-use assets in relation to stores, sales personnel salaries and commissions, other depreciation and amortisation charges, and other expenses which mainly include store operation expenses, property management fees, logistic expenses and online service fees.

General and administrative expenses in the first half of 2021 were RMB404.5 million (first half of 2020: RMB435.4 million), accounting for 3.1% of the Group's revenue (first half of 2020: 3.7%). The general and 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 in the first half of 2021 were RMB4,011.4 million, an increase of 16.0% compared to the same period of last year. This was equivalent to 30.7% of total revenue, an increase of 1.2 percentage points year-on-year.

#### Operating Profit

The Group's operating profit in the first half of 2021 was RMB933.4 million, with an operating margin of 7.1%.

#### Finance Income and Finance Cost

Finance income in the first half of 2021 was RMB14.6 million, compared to RMB6.9 million in the same period of last year. Finance costs in the first half of 2021 was RMB109.5 million, compared to RMB131.0 million in the same period in 2020, primarily as a result of a decrease in bank borrowings.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE ANALYSIS (continued)

#### Profit for the Period

As a result of the aforementioned efforts, the Group recorded a net profit of RMB650.3 million in the first half of 2021.

#### Working Capital Efficiency

The average inventory turnover period for the first half of 2021 improved further to 129 days (first half of 2020: 146 days). Inventory efficiency was resilient as a result of efficient in-season procurement strategy, diversified promotion strategy and channel structure optimisation. The balance of inventory as at June 30, 2021 was RMB6,063.9 million as a result of the Group's continued effort in diligently managing inventory levels to optimise working capital efficiency. The average trade receivables turnover period was 21 days (first half of 2020: 25 days), which remained consistent with the credit terms of 30 to 60 days that the Group gave its department store counters and retail distributors. The average trade payables turnover period in the first half of 2021 was 30 days (first half of 2020: 16 days).

#### Liquidity and Financial Resources

As at June 30, 2021, the Group recorded solid cash and cash equivalents amounting to RMB1,789.9 million (December 31, 2020: RMB1,742.3 million), as it continued to increase its operating efficiency and asynchronous payment dates while working capital (current assets minus current liabilities) was RMB4,896.5 million (December 31, 2020: RMB3,991.3 million). Total bank borrowings was further reduced to RMB1,915.6 million (December 31, 2020: RMB1,948.7 million) and are repayable within one year. Bank borrowings were mainly denominated in Renminbi and so were cash and cash equivalents.

The Group's gearing ratio as of June 30, 2021, represented by total interest-bearing borrowings (excluding lease liabilities) as a percentage of total equity, was 22.5% (December 31, 2020: 24.7%).

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE ANALYSIS (continued)

#### Liquidity and Financial Resources (continued)

The net cash generated from operating activities in the first half of 2021 was RMB989.4 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 in the first half of 2021 was RMB195.5 million, while the net cash used in financing activities was RMB746.0 million.

#### Capital Expenditure

The Group began to resume its capital expenditure plan in the first half of 2021, particularly the elements that were delayed in 2020 due to the Pandemic. This includes strategic opening of new stores, on-going upgrade and expansion of its experience-driven B&M stores for offering a better shopping experience, store productivity improvement as well as further optimisation of online and retail networks for capturing growth opportunities. Total capital expenditure in the first half of 2021 rose to RMB223.5 million (first half of 2020: RMB163.3 million). As at June 30, 2021, the Group had no material contingent liabilities. At the end of the current interim period, capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements was RMB113.9 million (December 31, 2020: RMB140.0 million), and the Group entered into new leases for several retail stores that have not yet commenced, with an average non-cancellable period ranging from 3 to 5 years (2020: 3 to 5 years), the total future undiscounted cash flows over the non-cancellable period amounted to RMB61.1 million (December 31, 2020: RMB100.2 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, 2021, the Group had no significant hedging instruments for managing its foreign exchange exposure. As the exchange rate of 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE ANALYSIS (continued)

#### Foreign Exchange (continued)

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 in the first half of 2021 were in accordance with the Group's internal policies and guidelines.

### PROSPECTS AND FUTURE DEVELOPMENTS

According to the National Bureau of Statistics in China, total retail sales of consumer goods increased 23.0% year-on-year from January through June 2021. Sales of garments, footwear, hats and knitwear rose 33.7% year-on-year during the Jan-Jun period. These data demonstrates the long-term growth opportunities present in China's sportswear and sports consumption markets. Although the Group's short-term performance was influenced by the market dynamics, we expect the recovery path to continue in neutral optimistic manner, backed by optimised channel structure and excellent operational efficiency. This will continue to be supported by increasing health awareness, growing sports participation rates, and the growth of the athleisure trend in the Greater China region, each of which is to be strengthened further post-Pandemic.

Ongoing digital transformation remains a key priority, as the Group continues to expand and further diversify its omni-channels. With the Group's continued diversification of its omni-channels and effective inventory management, B2C sales will continue to outstrip B2B sales. This trend will be further supported by the new B2C channels, led by the Group's 'Pan-WeChat Ecosphere', namely through sales brought in by its WeChat stores, Douyin live-streaming shopping events, together with value-added sports services provided to customers, shopping mall digital platforms as well as stronger partnerships with major platforms that encourage both in-store and omni-channel sales and help facilitate further margin improvement.

The Group will also continue to enhance its business intelligence system and invest in its digital tools, such as smart product allocation artificial intelligence, dashboard and E-POS to better support its operation, optimise its inventory management and improve the efficiency of its working capital. It will also continue to drive its offline and online sales growth, reinforce its in-season sell-through and effective off-season clearance, and its margin growth through its PSP, a better procurement strategy, as well as more effective inventory management which will be further facilitated by several strategic projects such as inventory integration and dual membership with brand partners to better approach customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS AND FUTURE DEVELOPMENTS (continued)

Capital expenditure including the continued upgrade and expansion of its experience-driven B&M stores to offer a better shopping experience, as well as the further optimisation of both its online and retail networks is critical to capture growth opportunities.

The Group will continue to expand the scale of its interaction with consumers to 365-day communications and encourage normal-day sales by cooperating with brand partners and by connecting brands' products to relevant sports events and services. Leveraging the above strategies, the Group expects to sustain its growth momentum, further enhance its long-term performance and profitability and is also well-positioned to benefit from the increasing health consciousness among consumers alongside supportive government measures.

With increasing COVID-19 vaccine doses administered across China and rapid global vaccination campaigns in the rest of the world, the Group is cautiously optimistic about its prospects in the coming years though the market dynamics happened at the end of Q1 2021 did cause some market shares shifting to local China brands. There is substantial scope for long-term growth opportunities that will maximise returns for the Group's customers, partners, employees and shareholders.

### HUMAN RESOURCES

As at June 30, 2021, the Group had approximately 31,200 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 programs for employees based on their respective personal career development.

## OTHER INFORMATION

### INTERIM DIVIDEND

The board of directors of Pou Sheng International (Holdings) Limited (the “Company” and the “Board”, respectively) has resolved not to declare an interim dividend for the six months ended June 30, 2021 (six months ended June 30, 2020: nil).

### DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2021, the interests or short positions of the Company’s directors (the “Directors”) and chief executives 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 (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 the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

# 2021 INTERIM REPORT

## OTHER INFORMATION

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

#### Long Positions in shares and underlying shares

##### (a) The Company

#### Ordinary shares of HK\$0.01 each of the Company (the "Shares")

Name of Directors/ chief executives	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	0.36%
Lee, Shao-Wu	Beneficial Owner	5,000,000 <sup>2</sup>	-	-	-	5,000,000	0.09%
Liao, Yuang-Whang	Beneficial Owner	1,307,000	-	-	-	1,307,000	0.02%

#### notes:

- <sup>1</sup> The total number of issued Shares as at June 30, 2021 was 5,356,847,615.
- <sup>2</sup> Included interests in 2,300,000 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, 2021. Details of the awarded Shares are set out in the section "Share Award Scheme" in this interim report.

## OTHER INFORMATION

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

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

(b) *Associated Corporation – Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")*

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

Name of Directors/ chief executives	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		
Lee, Shao-Wu	Beneficial Owner	213,000 <sup>2</sup>	-	-	-	213,000	0.01%
Liao, Yuang-Whang	Beneficial Owner	30,000 <sup>3</sup>	-	-	-	30,000	0.00%

notes:

- <sup>1</sup> The total number of issued shares of Yue Yuen as at June 30, 2021 was 1,612,183,986.
- <sup>2</sup> Included interests in 60,000 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, 2021. Details of the awarded Shares are set out in the section "Arrangement to Acquire Shares or Debentures" in this interim report.
- <sup>3</sup> 30,000 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, 2021. Details of the awarded shares are set out in the section "Arrangement to Acquire Shares or Debentures" in this interim report.

## OTHER INFORMATION

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

Save as disclosed above, as at June 30, 2021, none of the Directors nor chief executives of the Company 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 OPTION SCHEME

The Company recognises the importance of offering incentives and rewards through the grant of share-based incentive mechanism for attracting talents and retaining employees. The Company believes that this will align their interests with that of the Company.

The share option scheme of the Company was adopted by the shareholders of the Company (the "Shareholders") on May 14, 2008 (the "Share Option Scheme"), certain terms of which were amended on March 7, 2012, and was valid and effective for a period of ten years from the date of adoption. The Share Option Scheme expired at the end of the day on May 13, 2018, after which no further share options should be offered or granted. However, the share options granted prior to the expiration of the Share Option Scheme shall continue to be valid and exercisable within their respective prescribed exercisable periods.

Eligible participants of the Share Option Scheme include directors and full time employees of the Company and its subsidiaries (the "Group") and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the development and growth of the Group.

## OTHER INFORMATION

### SHARE OPTION SCHEME (continued)

Pursuant to the terms of the Share Option Scheme, the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme should not exceed 10% of the total number of the issued Shares as at the date on which dealings in the Shares first commence on the Stock Exchange (i.e. June 6, 2008) (being 355,000,000 Shares, representing approximately 6.63% of the total number of issued Shares as at the date of this report). Unless approved by the shareholders of the Company and Yue Yuen, the maximum number of Shares issued and to be issued upon exercise of the share options granted to each grantee under the Share Option Scheme in any 12-month period should not exceed 1% of the Shares in issue for the time being.

All the share options granted under the Share Option Scheme should be exercised at any time during a period to be determined and notified by the Board at the time of making an offer and should not be exercised later than 10 years after the date of grant. The minimum period for which a share option must be held before it can be exercised should be determined by the Board. The exercise price of any share option should be determined by the Board but in any event should not be less than the higher of (i) the closing price of the Shares on the date of grant; (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share. For grantee who is an employee or director of the Group, he/she has to remain as an employee or director of the Group until the share options being vested on him/her.

For the share options in respect of 11,663,190 Shares granted on November 14, 2016, upon the terms of the operation and share incentive agreement governing the grant, the total amount payable on acceptance of the share options was US\$303,950.77 and the payment must be made within 5 days from the date on which the offer letters were delivered to the relevant grantees. Save for the aforesaid, under the rules of the Share Option Scheme, the amount payable on acceptance of share option is HK\$1.00 and the payment must be made within 28 days from the date on which the offer letter is delivered to the participant.

# 2021 INTERIM REPORT

## OTHER INFORMATION

### SHARE OPTION SCHEME (continued)

As at June 30, 2021, an aggregate of 31,125,000 Shares have been issued and an aggregate of 1,166,320 Shares may be issued upon exercise of share options granted under the Share Option Scheme. As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 1,166,320, representing approximately 0.02% of the issued Shares.

Pursuant to the Share Option Scheme, movements in share options during the period under review are set out below:

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of underlying Shares comprised in the share options					
				Balance as at January 1, 2021	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Balance as at June 30, 2021	
<b>Former Employees</b>									
14.11.2016	2.494	14.11.2016-31.08.2019	01.09.2019-01.09.2021	1,166,320	-	-	-	1,166,320	
Total				1,166,320	-	-	-	1,166,320	

No share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme during the period.

## OTHER INFORMATION

### SHARE AWARD SCHEME

The Share Award Scheme was adopted on May 9, 2014 and duly amended on November 11, 2016 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. The scheme is valid and effective for a term of 10 years commencing on May 9, 2014. No further share awards should be granted upon termination or expiry of the term of the Share Award Scheme.

Any proposed award should be determined on the basis of individual performance and must be recommended by the remuneration committee of the Board and approved by the Board. All the share awards 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) as determined by the Board.

The total number of Shares to be awarded under the Share Award Scheme should not exceed 4% of the issued Shares as at the date of grant. 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.

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).

# 2021 INTERIM REPORT

## 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 January 1, 2021	Granted during the period	Vested during the period	Lapsed/ cancelled during the period	Balance as at June 30, 2021
<b>Director</b>							
Lee, Shao-Wu	11.08.2018	11.08.2018-10.03.2021	500,000	-	(500,000)	-	-
	23.03.2019	23.03.2019-22.09.2021	300,000	-	-	-	300,000
	23.03.2019	23.03.2019-22.03.2022	500,000	-	-	-	500,000
	31.03.2020	31.03.2020-30.03.2021	500,000	-	(500,000)	-	-
	31.03.2020	31.03.2020-30.03.2022	500,000	-	-	-	500,000
	31.03.2020	31.03.2020-30.03.2023	500,000	-	-	-	500,000
	24.03.2021	24.03.2021-23.09.2022	-	100,000	-	-	100,000
	24.03.2021	24.03.2021-23.09.2023	-	150,000	-	-	150,000
	24.03.2021	24.03.2021-23.03.2024	-	250,000	-	-	250,000
Sub-total			2,800,000	500,000	(1,000,000)	-	2,300,000
<b>Employees</b>							
	11.08.2018	11.08.2018-10.03.2021	7,978,000	-	(7,888,000)	(90,000)	-
	23.03.2019	23.03.2019-22.09.2021	3,307,200	-	-	(350,100)	2,957,100
	23.03.2019	23.03.2019-22.03.2022	5,512,000	-	-	(583,500)	4,928,500
	24.03.2021	24.03.2021-23.09.2022	-	1,568,000	-	(28,000)	1,540,000
	24.03.2021	24.03.2021-23.09.2023	-	2,352,000	-	(42,000)	2,310,000
	24.03.2021	24.03.2021-23.03.2024	-	3,920,000	-	(70,000)	3,850,000
Sub-total			16,797,200	7,840,000	(7,888,000)	(1,163,600)	15,585,600
Grand total			19,597,200	8,340,000	(8,888,000)	(1,163,600)	17,885,600

The closing price of the Shares immediately before the grant of awarded Shares on March 24, 2021 is HK\$1.78 per Share.

## OTHER INFORMATION

### ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Under the YY Share Award Scheme and subject to certain vesting conditions, three 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
Wu, Pan-Tsu	02.10.2018	40,000	31.05.2021	40,000
	31.03.2021	54,000	01.06.2021	54,000
Lee, Shao-Wu	31.03.2021	75,000	01.06.2021	75,000
	01.06.2021	60,000	31.05.2023	-
Liao, Yuang-Whang	01.06.2021	30,000	31.05.2023	-

Save as disclosed herein and as stated in the sections "Share Option Scheme" and "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.

# 2021 INTERIM REPORT

## OTHER INFORMATION

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

As at June 30, 2021, 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 Executives' 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	3,311,090,560	61.81%
Yue Yuen	(a), (b)	Interest of a controlled corporation/ Beneficial owner	3,311,090,560	61.81%
Wealthplus Holdings Limited ("Wealthplus")	(b)	Interest of a controlled corporation	3,311,090,560	61.81%
Pou Chen Corporation ("PCC")	(b)	Interest of a controlled corporation	3,311,090,560	61.81%

## OTHER INFORMATION

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

*notes:*

The total number of issued Shares as at June 30, 2021 was 5,356,847,615.

- (a) 3,311,090,560 Shares are held by Major Focus, a wholly-owned subsidiary of Yue Yuen.
- (b) PCC is deemed to be interested in these Shares under the SFO by virtue of its interests in more than one-third of the voting shares in Wealthplus, which in turn is deemed to be interested in these Shares under the SFO by virtue of its interests in more than one-third of the voting shares in Yue Yuen. The entire issued share capital of Wealthplus is held by PCC.

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

Save as disclosed above, as at June 30, 2021, the Directors were not aware of any other person (other than the Directors or chief executives of the Company) 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

During the six months ended June 30, 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares listed and traded on the Stock Exchange (six months ended June 30, 2020: nil).

## OTHER INFORMATION

### UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of publication of the Company's 2020 annual report are set out below:

- (a) On April 9, 2021, Mr. Wu, Pan-Tsu entered into a service agreement with the Company for renewal of his term of appointment as an executive Director for a further term of three years commencing from April 9, 2021 to April 8, 2024, subject to retirement by rotation and re-election at annual general meetings pursuant to the bye-laws of the Company (the "Bye-laws").
- (b) On June 1, 2021, Mr. Liao, Yuang-Whang, the chief financial officer of the Company (the "CFO"), was appointed as an executive Director. He holds the office until the next following annual general meeting and be eligible for re-election at such meeting; and thereafter will be subject to retirement by rotation and re-election at annual general meetings pursuant to the Bye-laws. A service agreement as an executive Director and the CFO for a term of three years commencing from June 1, 2021 to May 31, 2024 was entered into between the Company and Mr. Liao, Yuang-Whang on the same date (the "Service Agreement").
- (c) On July 9, 2021, Mr. Liao, Yuang-Whang ceased to be the supervisor of a subsidiary of the Company in China.
- (d) On July 13, 2021, Mr. Liao, Yuang-Whang entered into a supplementary agreement to the Service Agreement with the Company, pursuant to which, the salary that he is entitled under the Service Agreement has been adjusted to HK\$840,000 per annum with effect from June 2, 2021.

## OTHER INFORMATION

### CORPORATE GOVERNANCE

The Company has applied the principles of, and has complied with all code provisions contained in, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended June 30, 2021.

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by Directors. Following specific enquiry by the Company to all Directors, each of them has confirmed that he/she has complied with the required standard set out in the Model Code throughout the six months ended June 30, 2021.

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.

### 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, 2021, 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, 2021 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 Hong Kong Institute of Certified Public Accountants.

# 2021 INTERIM REPORT

## OTHER INFORMATION

### 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.

### DIRECTORS

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

#### Executive Directors

Mr. Wu, Pan-Tsu (Chairman), Mr. Lee, Shao-Wu (Chief Executive Officer) and Mr. Liao, Yuang-Whang (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. Hsieh, Wuei-Jung and Mr. Feng Lei Ming

By Order of the Board

**Wu, Pan-Tsu**

*Chairman*

Hong Kong, August 12, 2021

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



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