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POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3813)

UNAUDITED RESULTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

SUMMARY

The Board announces the unaudited consolidated results of the Group for the nine months ended September 30, 2017. This announcement is made in line with the Company's current practice to publish its financial results quarterly and pursuant to paragraph 13.09(2) of the Listing Rules and Part XIVA of the SFO.

The unaudited consolidated profit attributable to owners of the Company for the nine months ended September 30, 2017 was approximately RMB337.0 million.

The board of directors (the "Directors") of Pou Sheng International (Holdings) Limited (the "Company" and the "Board", respectively) is making this announcement of the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended September 30, 2017 in line with its current practice to publish the Group's financial results quarterly and pursuant to paragraph 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Part XIVA of the Securities and Futures Ordinance (Cap. 571) (the "SFO").

CONSOLIDATED INCOME STATEMENT
For the nine months ended September 30, 2017

	For the nine months ended September 30,	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
Revenue	13,883,316	12,164,815
Cost of sales	(9,086,723)	(7,811,006)
Gross profit	4,796,593	4,353,809
Other operating income and gains (losses)	193,146	152,755
Selling and distribution expenses	(3,843,398)	(3,217,084)
Administrative expenses	(514,353)	(506,719)
Operating profit	631,988	782,761
Finance costs	(79,406)	(42,459)
Finance income	4,934	9,644
Finance cost - net	(74,472)	(32,815)
Share of results of an associate	-	(7,225)
Share of results of joint ventures	(1,861)	(2,974)
Other (losses) gains	(9,468)	17,976
Profit before taxation	546,187	757,723
Income tax expense	(191,213)	(224,380)
Profit for the period	354,974	533,343
Attributable to:		
Owners of the Company	336,953	522,162
Non-controlling interests	18,021	11,181
	354,974	533,343

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2017

	For the nine months ended September 30,	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
Profit for the period	354,974	533,343
Other comprehensive income (expense)		
<i>An item that will not be reclassified subsequently to profit or loss</i>		
Gain on revaluation of properties transferred from property, plant and equipment and prepaid lease payments to investment properties	6,381	–
<i>An item that may be reclassified subsequently to profit or loss</i>		
Exchange difference arising on translation of foreign operations	<u>(850)</u>	<u>1,637</u>
Total comprehensive income for the period	<u>360,505</u>	<u>534,980</u>
Attributable to:		
Owners of the Company	342,458	523,708
Non-controlling interests	<u>18,047</u>	<u>11,272</u>
	<u>360,505</u>	<u>534,980</u>

The Group's unaudited consolidated results for the nine months ended September 30, 2017 have been prepared in accordance with the accounting policies adopted by the Group as disclosed in the last annual report for the year ended December 31, 2016.

In the current period, the Group has applied a number of amendments to Hong Kong Financial Reporting Standards (“Amendments to HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group's financial year beginning on January 1, 2017. The adoption of these Amendments to HKFRSs has had no material effect on the results or financial positions of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Application of merger accounting

On November 14, 2016, Winning Team Holdings Limited, an indirect wholly-owned subsidiary of the Company, acquired from Key International Co., Ltd., an indirect wholly-owned subsidiary of Yue Yuen Industrial (Holdings) Limited (“Yue Yuen”), an intermediate holding company of the Company, the entire equity interests in PCG Bros (Holdings) Co. Limited (“PCG Bros”). PCG Bros and its subsidiaries (collectively referred to as the “PCG Bros Group”) are principally engaged in sports marketing and organisation of sports events in Taiwan.

The Group and PCG Bros Group are both under the control of Yue Yuen before and after the date of acquisition, and that control is not transitory. The Group and PCG Bros Group are regarded as continuing entities as at the date of business combinations and hence the acquisition has been accounted for as combination of entities under common control by applying the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA. Accordingly, the consolidated income statement and consolidated statement of comprehensive income of the Group for the nine months ended September 30, 2016 have been restated to include the financial performance of PCG Bros Group as if the current group structure upon the completion of the group reorganisation had been in existence throughout the nine months ended September 30, 2016, or since their respective dates of incorporation or establishment where this is a shorter period.

The effects of all transactions between the Group and the PCG Bros Group, whether occurring before and after the acquisition, are eliminated in preparing the consolidated income statement and consolidated statement of comprehensive income.

Results summary

For the nine months ended September 30, 2017, the Group recorded revenue of approximately RMB13,883.3 million, representing an increase of 14.1% compared with the same period last year while net profit attributable to owners of the Company decreased by 35.5% to approximately RMB337.0 million, which was mainly due to more promotions and inventory provisions in conjunction with sales growth, as well as the increases in depreciation, amortization costs and staff cost, compared with approximately RMB522.2 million, as restated, in 2016.

Financial Highlights

	For the nine months ended		
	September 30,		
	2017	2016	YoY
	RMB million	RMB million	% change
		(restated)	
Revenue	13,883.3	12,164.8	14.1%
Operating profit	632.0	782.8	(19.3)%
Profit for the period	355.0	533.3	(33.4)%
Profit attributable to owners of the Company	337.0	522.2	(35.5)%
			Decrease
Operating profit margin	4.6%	6.4%	1.8% point
Net profit margin	2.6%	4.4%	1.8% point

By Order of the Board
Wu, Pan-Tsu
Chairman

Hong Kong, November 13, 2017

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

Executive Directors

Mr. Wu, Pan-Tsu (Chairman) and Mr. Lee, Shao-Wu (Chief Executive 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. Shan Xue

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