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

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

FINAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2014

THE GROUP'S FINANCIAL HIGHLIGHTS

	For the year ended December 31, **2014**	2013	Percentage increase
Revenue *(US$'000)*	**1,980,575**	1,777,187	11.4%
Operating profit *(US$'000)*	**33,555**	17,310	93.8%
Profit (loss) attributable to owners of the Company *(US$'000)*	**4,649**	(38,670)	N/A
Basic earnings (loss) per share *(US Cent)*	**0.09**	(0.72)	N/A

RESULTS

The directors (the "Directors") of Pou Sheng International (Holdings) Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2014 with comparative figures for the corresponding year in 2013 as follow:

Consolidated Income Statement

For the year ended December 31, 2014

	Notes	**2014** **US$'000**	2013 US$'000
Revenue	2	**1,980,575**	1,777,187
Cost of sales		**(1,400,022)**	(1,263,406)
Gross profit		**580,553**	513,781
Other operating income and gains (losses)		**23,744**	28,183
Selling and distribution expenses		**(495,131)**	(452,304)
Administrative expenses		**(75,611)**	(72,350)
Operating profit		**33,555**	17,310
Finance costs		**(9,973)**	(14,423)
Finance income		**3,606**	2,100
Finance costs – net		**(6,367)**	(12,323)
Share of results of an associate		**(426)**	(172)
Share of results of joint ventures		**(3,880)**	(5,759)
Other gains (losses)	3	**(2,512)**	(29,699)
Profit (loss) before taxation		**20,370**	(30,643)
Income tax expense	4	**(13,882)**	(7,854)
Profit (loss) for the year	5	**6,488**	(38,497)

	Note	2014 US$'000	2013 US$'000
Attributable to:			
Owners of the Company		**4,649**	(38,670)
Non-controlling interests		**1,839**	173
		6,488	(38,497)
Earnings (loss) per share			
– basic	6	**US0.09 cent**	US(0.72) cent
– diluted		**US0.09 cent**	US(0.72) cent

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2014

	2014 US$'000	2013 US$'000
Profit (loss) for the year	**6,488**	(38,497)
Other comprehensive (expense) income		
An item that will not be reclassified subsequently to profit or loss		
Exchange difference arising on translation	**(22,209)**	17,895
Total comprehensive expense for the year	**(15,721)**	(20,602)
Attributable to:		
Owners of the Company	**(17,158)**	(20,758)
Non-controlling interests	**1,437**	156
	(15,721)	(20,602)

Consolidated Statement of Financial Position

At December 31, 2014

	Note	**2014**	2013
	Note	***US$'000***	*US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**94,414**	95,697
Deposit paid for acquisition of property, plant and equipment		**1,875**	383
Prepaid lease payments		**23,226**	24,476
Rental deposits and prepayments		**17,480**	19,729
Intangible assets		**113,405**	118,201
Goodwill		**82,977**	82,977
Interest in an associate		**2,022**	2,550
Interests in joint ventures		**9,292**	13,561
Loans to joint ventures		**17,246**	23,063
Long-term loan receivables		**8,044**	8,246
Available-for-sale investment		**–**	–
Deferred tax assets		**1,003**	2,932
		370,984	391,815
CURRENT ASSETS			
Inventories		**597,179**	631,595
Trade and other receivables	7	**316,228**	349,439
Taxation recoverable		**328**	1,323
Structured bank deposit		**–**	2,144
Bank balances and cash		**43,743**	61,424
		957,478	1,045,925
Assets classified as held for sale		**–**	22,067
		957,478	1,067,992

Consolidated Statement of Financial Position
At December 31, 2014

	Note	**2014** **US$'000**	2013 US$'000
CURRENT LIABILITIES			
Trade and other payables	8	**206,856**	221,949
Taxation payable		**1,967**	5,173
Bank overdrafts		**–**	20,220
Bank borrowings		**196,545**	197,382
		405,368	444,724
Liabilities associated with assets classified as held for sale		**–**	16,850
		405,368	461,574
NET CURRENT ASSETS		**552,110**	606,418
TOTAL ASSETS LESS CURRENT LIABILITIES		**923,094**	998,233
NON-CURRENT LIABILITIES			
Bank borrowings		**–**	50,000
Consideration payable for acquisition of business		**16,436**	18,016
Deferred tax liabilities		**31,388**	33,285
		47,824	101,301
NET ASSETS		**875,270**	896,932
CAPITAL AND RESERVES			
Share capital		**6,909**	6,909
Reserves		**853,797**	874,005
Equity attributable to owners of the Company		**860,706**	880,914
Non-controlling interests		**14,564**	16,018
TOTAL EQUITY		**875,270**	896,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

In the current year, the Group has applied the following amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

Certain presentation and disclosure of financial statements items, as a result of adopting the above, have been incorporated in the consolidated financial statements.

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

2. REVENUE AND SEGMENTAL INFORMATION

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

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

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

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

Segment revenue and results

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

	Retail Business *US$'000*	Brand Licensee Business *US$'000*	Manufacturing Business *US$'000*	Segment total *US$'000*	Eliminations *US$'000*	Consolidated *US$'000*
For the year ended December 31, 2014						
REVENUE						
External sales – sportswear and footwear products	**1,948,611**	**11,696**	**4,829**	**1,965,136**	**–**	**1,965,136**
External sales – commissions from concessionaire sales	**15,439**	**–**	**–**	**15,439**	**–**	**15,439**
Inter-segment sales*	**–**	**4,192**	**637**	**4,829**	**(4,829)**	**–**
Total segment revenue	**1,964,050**	**15,888**	**5,466**	**1,985,404**	**(4,829)**	**1,980,575**
RESULTS						
Segment results	**38,186**	**789**	**(3,864)**	**35,111**	**(1,443)**	**33,668**
Reconciling items:						
Finance costs – net						**(6,367)**
Share of results of an associate and joint ventures						**(4,306)**
Others						**(2,625)**
Profit before taxation						**20,370**

Segment revenue and results

	Retail Business *US$'000*	Brand Licensee Business *US$'000*	Manufacturing Business *US$'000*	Segment total *US$'000*	Eliminations *US$'000*	Consolidated *US$'000*
For the year ended December 31, 2013						
REVENUE						
External sales – sportswear and footwear products	1,688,571	24,027	50,656	1,763,254	–	1,763,254
External sales – commissions from concessionaire sales	13,933	–	–	13,933	–	13,933
Inter-segment sales*	–	11,269	325	11,594	(11,594)	–
Total segment revenue	1,702,504	35,296	50,981	1,788,781	(11,594)	1,777,187
RESULTS						
Segment results	32,664	3,776	(18,759)	17,681	424	18,105
Reconciling items:						
Finance costs – net						(12,323)
Share of results of an associate and joint ventures						(5,931)
Others						(30,494)
Loss before taxation						(30,643)

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

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

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

	2014	2013
	US$'000	*US$'000*
Impairment losses on loans to joint ventures	**(4,140)**	(8,345)
Fair value gain (loss) on consideration payable for acquisition of business	**1,576**	(43)
Gain on deregistration of subsidiaries	**52**	–
Impairment loss of property, plant and equipment	**–**	(5,640)
Impairment losses of interests in joint ventures	**–**	(585)
Impairment loss of intangible assets	**–**	(11,025)
Impairment loss on consideration receivable for disposal of properties	**–**	(4,061)
	(2,512)	(29,699)

4. INCOME TAX EXPENSE

	2014	2013
	US$'000	*US$'000*
Taxation attributable to the Company and its subsidiaries:		
Current year:		
Hong Kong Profits Tax *(note i)*	**–**	–
People's Republic of China ("PRC") Enterprise Income Tax ("EIT") *(note ii)*	**15,582**	10,783
Overseas income tax *(note iii)*	**1,042**	1,762
	16,624	12,545
(Over) underprovision in prior years:		
Hong Kong Profits Tax	**49**	42
PRC EIT	**(2,132)**	(1,355)
Overseas income tax	**67**	56
	(2,016)	(1,257)
Current tax charge – total	**14,608**	11,288
Deferred tax credit	**(726)**	(3,434)
	13,882	7,854

notes:

(i) Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(ii) PRC

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

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

(iii) Overseas

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

5. PROFIT (LOSS) FOR THE YEAR

	2014	2013
	US$'000	*US$'000*
Profit (loss) for the year has been arrived at after charging (crediting):		
Directors' and chief executive's emoluments	**805**	708
Retirement benefit scheme contributions, excluding directors and the chief executive	**20,233**	18,212
Equity-settled share-based payments, excluding directors and the chief executive	**75**	(51)
Other staff costs	**159,014**	154,379
Total staff costs	**180,127**	173,248
Auditor's remuneration	**542**	542
Depreciation of property, plant and equipment	**24,028**	34,197
Allowance for inventories, net	**18,612**	7,078
Release of prepaid lease payments	**656**	657
Amortisation of intangible assets (included in selling and distribution expenses)	**7,822**	8,215
Costs of inventories recognised as an expense	**1,400,022**	1,263,406
Research and development expenditure recognised as an expense	**155**	2,855
Share of taxation of an associate (included in share of results of an associate)	**174**	9
Share of taxation of joint ventures (included in share of results of joint ventures)	**69**	162

6. EARNINGS (LOSS) PER SHARE

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

	2014	2013
	US$'000	*US$'000*
Earnings (loss):		
Earnings (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**4,649**	(38,670)

	2014	2013
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**5,367,522,314**	5,378,908,615
Effect of dilutive potential ordinary shares:		
– Unvested awarded shares	**3,895,890**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**5,371,418,204**	5,378,908,615

The weighted average number of ordinary shares shown above for the year ended December 31, 2014 has been arrived at after deducting the shares held by the trustee of the share award scheme.

The computation of diluted earnings (loss) per share for both years does not assume the exercise of the Company's share options because the exercise prices of those options were higher than the average market price of the shares in each of the years.

7. TRADE AND OTHER RECEIVABLES

	2014	2013
	US$'000	*US$'000*
Trade receivables	**168,535**	165,392
Deposits, prepayments and other receivables	**147,693**	184,047
	316,228	349,439

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

	2014	2013
	US$'000	*US$'000*
0 – 30 days	**131,168**	133,421
31 – 90 days	**20,774**	24,701
Over 90 days	**16,593**	7,270
	168,535	165,392

8. TRADE AND OTHER PAYABLES

	2014	2013
	US$'000	*US$'000*
Trade payables	**83,389**	98,912
Bills payables	**264**	387
Receipt in advance from customers	**45,354**	45,733
Amounts due to related and connected parties	**750**	762
Accruals and other payables	**77,099**	76,155
	206,856	221,949

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

	2014	2013
	US$'000	*US$'000*
0 – 30 days	**81,559**	97,769
31 – 90 days	**1,216**	838
Over 90 days	**878**	692
	83,653	99,299

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

FINAL DIVIDEND

The Directors do not propose any final dividend for the year ended December 31, 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, May 27, 2015 to Friday, May 29, 2015, both days inclusive, during which period no transfer of the Company's shares will be registered. In order to establish the identity of the Company's shareholders who are entitled to attend and vote at the annual general meeting of the Company to be held on Friday, May 29, 2015 all transfer of the shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer agent in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Tuesday, May 26, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has three business segments. The retail business segment encompasses the sales of a broad range of international brand sportswear products including footwear, apparel and accessories, to end customers through our directly operated retail outlets, or on a wholesale basis to sub-distributors, who in turn sell these items to end consumers through their respective retail outlets. As at December 31, 2014, the Group had 4,263 directly operated retail outlets and 2,689 sub-distributor operated retail outlets. Within the network of the regional joint ventures, there were 653 directly operated retail outlets and 357 retail sub-distributors.

For our brand licensee business, the brand licensee agreements we have entered into typically grant us exclusive rights to design, develop, manufacture, market and distribute, and the flexibility to set retail prices for the brand products at the designated locations for specified periods of time. We are the brand licensee for Hush Puppies in Taiwan until December 31, 2015 and for Pony in mainland China and Taiwan until December 31, 2018, respectively.

During the year, the Group completed the wind down of its footwear manufacturing business that previously made OEM products for the domestic brands such as Li Ning and 361°.

FINANCIAL REVIEW

For the financial year, the Group recorded revenue of US$1,980.6 million, representing an increase of 11.4% compared with financial year 2013. With regards to gross profit, the Group recorded US$580.6 million which was 13.0% more than the amount recorded the same period last year. When considering operating profit, the Group earned the sum of US$33.6 million which was almost doubled as compared with the previous year. In terms of net profit, profit attributable to owners of the Company in the current year was US$4.6 million, a significant improvement compared with loss attributable to owners of the Company of US$38.7 million recorded in 2013.

REVENUE

Total revenue for the Group increased by 11.4% to US$1,980.6 million for the year ended December 31, 2014 (2013: US$1,777.2 million). The increase occurred due to absolute increase in the retail business's sales that exceeded the decline in sales experienced for the brand licensee business and the manufacturing business.

Retail Business

The retail business reported revenue of US$1,964.1 million, an increase of 15.4% compared with the same period last year. This was primarily due to the increase in the size of the store network as well as the improvement in store efficiency within the distribution network.

Brand Licensee Business

Due to the expiration and early termination of certain brand license agreements in 2013, the brand licensee business in 2014 had shrunk in revenue to US$11.7 million, representing a drop of 51.3% compared with the same period last year.

Manufacturing Business

Revenue derived from manufacturing business declined to US$4.8 million, a decrease of 90.5% compared with last year. The wind down of footwear manufacturing business was completed in the current fiscal year and retaining only a small amount of clothes manufacturing business.

GROSS PROFIT

Gross profit for the Group amounted to US$580.6 million, about 13.0% higher than the same period last year. When looking at margin, the gross profit margin for 2014 was 29.3% and was 0.4 basis point better than the margin in 2013.

SELLING AND DISTRIBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

Selling and distribution expenses and administrative expenses of the Group for the year were in aggregate US$570.7 million, representing 28.8% of total revenue and a decrease of 0.7 percentage point compared with the same period last year. As a result of improving market conditions, management was able to expand the absolute number of stores in the Group's network by a mid-teen percentage. As a consequence, the aforementioned expenses increased in terms of the absolute amount.

OPERATING PROFIT

The Group's operating profit margin was 1.7% and operating profit was US$33.6 million for the year, an almost doubled as compared with the operating profit of US$17.3 million in the financial year 2013.

SHARE OF RESULTS OF AN ASSOCIATE AND JOINT VENTURES

Joint ventures were usually involved in the sales of domestic brand products and thus saw slower improvement in their business as these brands recovered at a lesser pace compared to international brands. As a consequence, discounting activities were still necessary so that the share of results of an associate and joint ventures incurred a loss of US$4.3 million for the financial year. For the same period last year, the loss from these categories was US$5.9 million.

OTHER GAINS (LOSSES) ARISING OTHER THAN OPERATING ACTIVITIES

The Group incurred various gains (losses) from a variety of situations amounting to a net losses of US$2.5 million in the current year. Amongst others, there was impairment losses on loans to joint ventures of US$4.1 million and gain on fair value change on consideration payable for acquisition of business of US$1.6 million. Other losses for the financial year 2013 amounted to US$29.7 million.

PROFIT FOR THE YEAR

Due to the aforementioned reasons, the Group turn loss into gain and recorded net profit of US$6.5 million for the year as compared with net loss of US$38.5 million realized financial year 2013.

WORKING CAPITAL EFFICIENCY

The average inventory turnover period for the year was 160 days (2013: 177 days). The inventory turnover period was shorter on account of: 1) a change of business strategy to enable lower inventory purchases; 2) the Group's successful implementation of approaches to maintain lower average inventory levels so as to optimize working capital levels. The average trade receivables turnover period was 31 days (2013: 35 days), which remained consistent with the credit terms of 30 to 60 days that the Group gives to its department store counters and retail distributors. The average trade and bills payables turnover period was 24 days (2013: 22 days).

LIQUIDITY AND FINANCIAL RESOURCES

As at December 31, 2014, the Group had cash and cash equivalents of US$43.7 million (2013: US$63.6 million) and total bank borrowings of US$196.5 million (2013: US$267.6 million) and are repayable within one year. Bank borrowings were mainly denominated in Reminbi and so were cash and cash equivalents. The Group's current ratio was 236% (2013: 231%). The gearing ratio (total borrowings to total equity) was 22% (2013: 30%).

During the year, net cash generated from operating activities was US$92.9 million. The Group believes its liquidity requirements will be satisfied with a combination of capital generated from operating activities and bank borrowings in the future. Net cash used in investing activities was US$23.3 million, of which US$26.3 million was used to purchase of property, plant and equipment. Net cash used in financing activities was US$67.4 million.

CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

The Group's capital expenditure primarily comprised of payments for purchase of furniture, fixtures and equipment and leasehold improvement. During the year under review, the total capital expenditure was US$28.2 million (2013: US$19.2 million). As at the December 31, 2014, the Group had no material capital commitments. In addition, the Group had contingent liabilities of US$1.6 million in relation to guarantee given to a bank in respect of banking facilities granted to a joint venture.

FOREIGN EXCHANGE

The Group conducted its business primarily in the PRC with substantially all of its transactions denominated and settled in Renminbi. An appreciation or depreciation between US dollars and Renminbi may result in an exchange difference arising on translation which is recognized either as other comprehensive income or expense in the consolidated statement of comprehensive income as US dollar is used as our reporting currency. As at December 31, 2014, the Group had no significant hedge for the foreign exchange. Despite all that, in view of the volatility of the US dollar against the RMB exchange rate, the Group may enter into FX forward contract or Foreign Currency Options to hedge against its currency risk relating to US dollar bank borrowings when necessary.

BUSINESS MODEL

The operating environment for the Group has stabilized during the course of 2014. Various factors continue to influence the sportswear industry in both the apparel and footwear categories. First, the global economy has started to recover, with North America showing signs of continued modest improvement and with Europe on the other hand are just showing signs of stabilization. The stable state of the global economy means the PRC should begin to see normal demand for its goods and services. The leadership in the PRC has made its expectations and policies explicit, and confidence is gradually returning so that further slowdown in consumption is not expected. The consumption is expected to pick up in the year but could be softer if consumer confidence weakens. The sportswear industry has many participants, but broadly speaking capacity and inventory levels are near normal. Given that capacity and inventory have improved, the industry participants should experience better margins and profitability in the medium to long term.

The Group continues to pursue its goal of becoming a leading retailer in the sportswear industry and to be the best partner of international athletic brands in the PRC. The Group is a leading distributor of international brand athletic apparel and footwear in the first and second tier cities, reaching out to consumers either by selling to them through directly owned stores, or by wholesaling products to sub-franchisees through their stores that sell athletic apparel and footwear to consumers. Going forward, the Group will continue to focus on improving the efficiency of the existing sales network using a combination of techniques. The Group works closely with the brands to 1) help them understand the changing tastes of consumers in the PRC so that they can develop effective marketing campaigns and 2) help them make appropriate estimates of the sell-through capacity for the market to allow for better management of inventories. For the operation of the stores, various restructuring efforts have taken place. More effective monitoring of key performance indicators has been implemented to assess store efficiency and profitability. The improvements in store efficiency and profitability are achieved through a) the better management of human resources; b) broader integration and optimization of information technology and logistics; and c) more timely information to determine the better selling items and to take action to acquire those products with good sell through.

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

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

PROSPECTS

The Group is optimistic about the long-term future of the sports industry as consumers in the PRC are being made more aware of the benefits of physical activity as one of the components for maintaining good health, consumers incomes are rising allowing for more consumption of sportswear and more people are participating in sports. Given that the Olympics and the European Cup being held in 2016 and the enthusiasm for marathon activities held across the PRC and the greater appreciation of the importance of personal fitness, consumers in the PRC will be interested in purchasing more sportswear overtime. Sports events and marketing activities of the brands should be able to foster sales growth for the sportswear industry. Given the close coordination between key international athletic brands and the Group, it should be possible to develop consumer demand. However, both parties need to carefully observe consumer behavior related to the fast retailing brands. Strong product differentiation and segmentation are necessary so that consumers recognize the superior features of “functional” athletic or casual products as compared with fast retailing “fashion” products.

We believe that the Group will see stable operations in 2015 and with more noticeable improvement taking place in 2016.

HUMAN RESOURCES

As at December 31, 2014, the Group had a total of 21,930 employees. The Group periodically reviews the performance of its employees so as to be able to conduct annual salary reviews and promotion appraisals. In order to remain competitive in the labor market, the Group makes references to the remuneration packages offered by other industry players. In addition, it also provides other fringe benefits, such as social insurance, mandatory provident funds, medical coverage and training programs to employees based on their respective personal career development.

SHARE AWARD SCHEME

On May 9, 2014, the Company adopted a share award scheme (the "Share Award Scheme") for recognizing the contributions by certain persons, including Directors of the Company and employees of the Group, providing incentives to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The scheme shall be valid and effective for a term of 10 years commencing on May 9, 2014. Any proposed award must be recommended by the Remuneration Committee and approved by the Board.

During the year, the Company granted an aggregate of 11,500,000 award shares (after deduction of the shares has lapsed) to a director and certain employees of the Group pursuant to the Share Award Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the Share Award Scheme, purchased on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") a total of 20,000,000 shares of the Company at a total consideration of approximately US$1.2 million.

REVIEW OF ACCOUNTS

Disclosure of financial information in this announcement complies with Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and in the course have discussed with the management, the internal controls and financial reporting matters related to the preparation of the audited financial statements for the year ended December 31, 2014.

CORPORATE GOVERNANCE

During the year ended December 31, 2014, the Company has applied the principles of and has complied with all code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by Directors. All Directors have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code throughout the year ended December 31, 2014.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.pousheng.com) and the designated issuer website of Stock Exchange (www.hkexnews.hk). The annual report 2014 of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

ACKNOWLEDGEMENT

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

By Order of the Board
Tsai David, Nai Fung
Chairman

Hong Kong, March 20, 2015

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

Website: www.pousheng.com