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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

THE GROUP' S FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		**Percentage increase**
	2019	2018	
	(unaudited)	(unaudited)	
Revenue *(RMB'000)*	**13,371,614**	11,202,006	**19.4%**
Operating profit *(RMB'000)*	**774,387**	530,360	**46.0%**
Profit attributable to owners of the Company *(RMB'000)*	**427,435**	306,833	**39.3%**
Basic earnings per share *(RMB cents)*	**8.15**	5.88	**38.6%**

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, 2019 with the corresponding comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2019

	Notes	**For the six months ended June 30,** **2019** *RMB'000* **(unaudited)**	2018 *RMB'000* (unaudited)
Revenue	3	**13,371,614**	11,202,006
Cost of sales		**(8,755,662)**	(7,445,829)
Gross profit		**4,615,952**	3,756,177
Other operating income and gains (losses)		**179,149**	161,147
Selling and distribution expenses		**(3,471,467)**	(2,995,823)
Administrative expenses		**(549,247)**	(391,141)
Operating profit		**774,387**	530,360
Finance costs	5	**(117,062)**	(72,916)
Finance income		**4,286**	3,701
Finance costs - net		**(112,776)**	(69,215)
Share of results of joint ventures		**1,072**	(904)
Other losses		**(9,987)**	–
Profit before taxation		**652,696**	460,241
Income tax expense	4	**(189,271)**	(142,674)
Profit for the period	5	**463,425**	317,567
Attributable to:			
Owners of the Company		**427,435**	306,833
Non-controlling interests		**35,990**	10,734
		463,425	317,567
Earnings per share	7		
– Basic		**RMB8.15 cents**	RMB5.88 cents
– Diluted		**RMB8.06 cents**	RMB5.83 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2019

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**463,425**	317,567
Other comprehensive income (expense)		
An item that may be reclassified subsequently to profit or loss		
Exchange difference arising on translation of foreign operations	**762**	(41)
Total comprehensive income for the period	**464,187**	317,526
Attributable to:		
Owners of the Company	**428,222**	306,794
Non-controlling interests	**35,965**	10,732
	464,187	317,526

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2019

	Note	At June 30, 2019 RMB'000 (unaudited)	At December 31, 2018 RMB'000 (audited)
Non-current assets			
Investment properties		**94,700**	94,700
Property, plant and equipment		**1,156,739**	1,131,676
Right-of-use assets		**2,166,675**	–
Deposit paid for acquisition of property, plant and equipment		**74,138**	59,823
Prepaid lease payments		**–**	109,357
Rental deposits and prepayments		**153,410**	168,693
Intangible assets		**335,945**	378,648
Goodwill		**532,756**	532,808
Interests in joint ventures		**–**	38,074
Loans to a joint venture		**64**	3,000
Equity instrument at fair value through other comprehensive income		**2,220**	2,231
Deferred tax assets		**8,033**	–
		4,524,680	2,519,010
Current assets			
Inventories		**6,631,673**	6,694,022
Trade and other receivables	8	**3,382,006**	3,292,935
Taxation recoverable		**29**	546
Bank balances and cash		**641,240**	730,956
		10,654,948	10,718,459
Assets classified as held for sale		**29,160**	–
		10,684,108	10,718,459

	Note	At June 30, 2019 RMB'000 (unaudited)	At December 31, 2018 RMB'000 (audited)
Current liabilities			
Trade and other payables	9	**1,934,648**	2,097,581
Contract liabilities		**222,815**	283,145
Taxation payable		**255,923**	178,453
Bank and other borrowings		**3,266,320**	3,531,259
Lease liabilities		**718,627**	–
		6,398,333	6,090,438
Net current assets		**4,285,775**	4,628,021
Total assets less current liabilities		**8,810,455**	7,147,031
Non-current liabilities			
Lease liabilities		**1,229,365**	–
Deferred tax liabilities		**98,565**	111,494
		1,327,930	111,494
Net assets		**7,482,525**	7,035,537
Capital and reserves			
Share capital		**46,685**	46,588
Reserves		**7,155,905**	6,820,979
Equity attributable to owners of the Company		**7,202,590**	6,867,567
Non-controlling interests		**279,935**	167,970
Total equity		**7,482,525**	7,035,537

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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 (the "Stock Exchange" and the "Listing Rules" respectively) and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies applied and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are consistent with those of the annual financial statements for the year ended December 31, 2018.

In the current interim period, the Group has applied, for the first time, certain new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements.

2. IMPACTS AND CHANGES IN ACCOUNTING POLICIES

HKFRS 16 "*Leases*"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" and the related interpretations.

The Group applied HKFRS 16 from January 1, 2019. The Group applied the modified retrospective approach and has not restated comparative amounts with the cumulative effect recognised at the date of initial application. Right-of-use assets relating to the Group's operating leases are measured at the amount of lease liabilities on initial application by applying HKFRS 16.C8(b)(ii) transition, adjusted by the amount of any prepaid or accrued lease liabilities.

At January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets are initially measured at cost and subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities; whereas the lease liability is initially measured at the present value of the lease payments that are unpaid at that date, and subsequently adjusted for the interest and lease payments, as well as the impact of lease modification, amongst others.

Other than the reclassification of prepaid lease payments amounting to RMB112,564,000 and rental prepayments amounting to RMB131,180,000, the Group recognised lease liabilities of RMB1,864,138,000 and right-of-use assets of RMB1,864,138,000 at January 1, 2019.

At June 30, 2019, the lease liabilities and right-of-use assets amounted to RMB1,947,992,000 and RMB2,166,675,000, respectively, while depreciation associated with the right-of-use assets and finance costs associated with lease liabilities amounting RMB368,876,000 and RMB42,466,000, respectively, were recognised during the current interim period.

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 from major businesses are reported on a regular basis to the chief operating decision maker, being the Board of Directors of the Company, for the purposes of resource allocation and assessment of performance. As there is only one reportable segment, no segment information is presented other than entity-wide disclosures.

Revenue from major businesses

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

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sales of sportswear and footwear products	**13,301,005**	11,136,790
Commissions from concessionaire sales	**70,609**	65,216
	13,371,614	11,202,006

4. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Taxation attributable to the Company and its subsidiaries:		
People's Republic of China Enterprise Income Tax		
– Current period	**203,584**	152,759
– Underprovision in prior periods	**6,646**	5,370
Current tax charge - total	**210,230**	158,129
Deferred tax credit	**(20,959)**	(15,455)
	189,271	142,674

5. FINANCE COSTS / PROFIT FOR THE PERIOD

	For the six months ended June 30, **2019** *RMB'000* (unaudited)	2018 *RMB'000* (unaudited)
(a) Finance costs		
Interest expense for bank and other borrowings	**74,596**	72,916
Interest expenses for lease liabilities	**42,466**	–
	117,062	72,916

(b) Profit for the period

Profit for the period has been arrived at after charging (crediting):

	2019	2018
Total staff costs (included in selling and distribution expenses and administrative expenses)	**1,514,384**	1,183,471
Rental expenses	**1,087,751**	1,317,002
Depreciation of right-of-use assets	**368,876**	–
Depreciation of property, plant and equipment	**218,102**	187,157
Net changes in allowance for inventories	**(42,383)**	2,304
Amortisation of intangible assets (included in selling and distribution expenses)	**52,117**	61,918
Net exchange loss (included in other operating income and gains (losses))	**–**	8,681
Impairment loss on interest in a joint venture	**9,987**	–

For the six months ended June 30, 2019 and 2018, cost of inventories recognised as an expense represents cost of sales as shown in the condensed consolidated income statement.

6. DIVIDENDS

	For the six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
2018 final dividend of HK$0.025 per share (six months ended June 30, 2018: 2017 final dividend of HK$0.020 per share)	**115,326**	87,298

During the current interim period, the Directors of the Company declared a final dividend of HK$0.025 per share for the year ended December 31, 2018 (six months ended June 30, 2018: 2017 final dividend of HK$0.020 per share). The final dividend of approximately HK$131,201,000 (equivalent to approximately RMB115,326,000) (six months ended June 30, 2018: HK$106,826,000 (equivalent to approximately RMB87,298,000)) was paid to the shareholders of the Company during the period.

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, 2018: 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,	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings:		
Earnings for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	**427,435**	306,833

	For the six months ended June 30,	
	2019	2018
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,246,085,693**	5,218,364,892
Effect of dilutive potential ordinary shares:		
– Share options	**4,237,629**	5,438,692
– Unvested awarded shares	**49,722,998**	36,366,454
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,300,046,320**	5,260,170,038

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.

8. TRADE AND OTHER RECEIVABLES

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:

	At June 30, 2019	At December 31, 2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 30 days	**1,670,251**	1,495,483
31 to 90 days	**177,558**	230,681
Over 90 days	**20,003**	13,639
	1,867,812	1,739,803

9. TRADE AND OTHER PAYABLES

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:

	At June 30, 2019 *RMB'000* (unaudited)	At December 31, 2018 *RMB'000* (audited)
0 to 30 days	**322,057**	646,275
31 to 90 days	**118**	3,079
Over 90 days	**5,212**	1,555
	327,387	650,909

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Business Model and Environment

In the first half of 2019, the Group continued to develop its leading position in the China sportswear market by providing quality products and sports services through its omni-channels. It continued to improve the operational efficiency of its brick and mortar ("B&M") stores and enhance the functions and contents of its online channels. In this way, the Group continued to improve its communication with customers, while moving it closer to its vision and mission "Make sports your life!" and "Discover your persistent passion for sports by providing convenient and fun sports experiences via unique channels full of quality services and products you can access everyday.".

The Group continued to move closer to its goal of becoming not only the top-ranking retailer of world-renowned sportswear brands, but also a leading sports services platform in the Greater China region. As a leading platform, it aims to enhance the stories around brand owners' products, and also provide quality customer relationship management ("CRM") that utilises the Group's unique resources in sports events and related services to facilitate a seamless online and offline customer experience.

The Group also sought to tie these product stories with increasing customer loyalty through sports events and related services. In the first half of the year, the Group continued to organise its intellectual property ("IP") sport events, including marathons, trail runs, series of qualifications, warm up and training runs and 3-on-3 basketball tournaments. More sports events are being scheduled for the remainder of the year. These sports events included those organised by the Group, sponsored by sports brand owners, licensed by sports events companies, or organised in partnership with local governments across the Greater China region. Many of these events are combined with all year round CRM marketing activities via the Group's omni-channels, creating much longer-lasting impacts and establishing greater customer loyalty in return for new opportunities for sales growth. As part of this strategy, the Group aims to use the big data collected from each customer's participation in sports events and their product purchase records to guide further changes to its business format, namely reducing B&M store density while still increasing sales.

Alongside with this enhancement and elevation of its operations, the Group also sought to manage its inventory levels at a relatively efficient level through better planning of procurement practices, online and offline inventory-integrated sales, and making the best use of different online and offline sale channels to reinforce in-season sales-through and effective off-season clearance. The Group also sought to develop promotion plans with the support of its brand partners for better inventory control, while further digitalising the business intelligence and performance index of its retail business, upgrading its B&M stores and improving sales efficiency by integrating and sharing the inventories of its regional stores and omni-channels. Moreover, the strategic alliance between the Group and VIP Group enhanced the Group's omni-channel strategy by integrating the complementary resources of both sides, providing adequate product portfolios that are tailor-made for consumers at a reasonable price, so that the products could be sold to consumers efficiently and at a better price.

As at June 30, 2019, the Group's retail network consisted of 5,895 directly operated stores and 3,756 sub-distributor stores across the Greater China region.

Despite ongoing macroeconomic uncertainties, consumer spending in the PRC remained resilient in the first half of the year. According to the National Bureau of Statistics of the PRC, consumer spending increased 8.1% year-on-year, reaching RMB16.13 trillion in the first half of 2019, while spending on sports and recreational products increased by 5.9% in May and by 7.2% in June after a slow start to the year. The rise in consumer spending, alongside quickening athleisure trends such as growing fitness and health awareness in the PRC, higher sports participation rates, growing levels of sports service subscriptions, and supportive government policies, makes the Group optimistic that demand for sportswear and sports services in the PRC will continue to grow significantly. In order to fully capture the opportunities arising from these athleisure trends, the Group will continue to focus on opening and upgrading its experience-rich B&M stores and enhancing its online channels, while also launching a new planned mega store concept that better integrates in-store sports services and networking elements with online offerings and other sales channels.

Nevertheless, the sports retailing environment in the PRC remains highly competitive and fragmented. Although e-commerce will continue to grow, offline retail channels will remain important and irreplaceable sales touchpoints for consumers who seek a unique and personalised shopping experience for products and services. The Group will continue to invest heavily in upgrading its B&M stores while integrating them with its digital channels to reinforce the consumer experience and stimulate higher-margin in-season sales. This will require more investment in hiring and retaining experienced frontline sales-staff, expanding larger-format stores with more experience-driven facilities and other investments in its omni-channel platform. These investments remain essential for the Group to build its unique core competences, maintain its competitiveness and support its development.

Through these aforementioned efforts, the Group is confident that it can overcome various challenges and manage rising costs, while capturing promising long-term opportunities.

Analysis of Performance

Financial Review

For the first half of 2019, the Group recorded revenue of RMB13,371.6 million, representing an increase of 19.4% compared with the same period of last year. Gross profit was RMB4,616.0 million, an increase of 22.9% when compared to the same period of last year. Profit attributable to owners of the Company for the first half of 2019 was RMB427.4 million, an increase of 39.3% compared with the same period of last year.

Revenue

The Group's total revenue grew 19.4% to RMB13,371.6 million in the first half of 2019, as compared with the same period of last year. This growth was attributed to the growing athleisure trend and sports participation rate in China, the continuous development of the Group's retail business, as well as the rapid growth of its online business.

Gross Profit

The Group's gross profit for the first half of 2019 amounted to RMB4,616.0 million, with a gross profit margin of 34.5%. The gross profit margin improved nicely as compared to 33.5% in the same period of last year, which was mainly helped by enhanced sell-through and reduced discounts.

Selling & Distribution Expenses and Administrative Expenses

The Group's selling and distribution expenses and administrative expenses in the first half of 2019 were RMB4,020.7 million, which represented 30.1% of total revenue, an increase of 18.7% in the monetary amount compared with the same period of last year, which was equal to 0.1 percentage point decrease year-on-year. The improvement was due to the improvement of operating efficiency and better control of rental expenses, despite of the Group's continued investments in new concept stores and stores upgrades, the optimisation of its distribution and digital channels, as well as in the motivation of its sales team.

Operating Profit

The Group's operating profit in the first half of 2019 was RMB774.4 million, with an operating profit margin of 5.8%, compared to an operating profit of RMB530.4 million and operating margin of 4.7% in the same period of last year.

Profit for the Period

With the aforementioned efforts, the Group recorded a net profit of RMB463.4 million (Pre-HKFRS 16 basis: RMB494.6 million) in the first half of 2019, an increase of 45.9% (Pre-HKFRS 16 basis: 55.7%) compared to the net profit of RMB317.6 million in the same period of last year.

Working Capital Efficiency

The average inventory turnover period for the first half of 2019 was 139 days (first half of 2018: 139 days). The inventory turnover period remained stable and the Group will keep on improving in-season sell-through, timely off season promotions and enhancing procurement plans. The Group is continuing to diligently manage inventory levels to optimise working capital efficiency. The average trade receivables turnover period in the first half of 2019 was 25 days (first half of 2018: 27 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 in the first half of 2019 was 10 days (first half of 2018: 13 days).

Liquidity and Financial Resources

As at June 30, 2019, the Group had cash and cash equivalents of RMB641.2 million (December 31, 2018: RMB731.0 million) and working capital (current assets minus current liabilities) of RMB4,285.8 million (December 31, 2018: RMB4,628.0 million). Total bank and other borrowings were RMB3,266.3 million (December 31, 2018: RMB3,531.3 million) and are repayable within one year. Bank and other borrowings were mainly denominated in Renminbi and so were cash and cash equivalents.

The Group's gearing ratio as of June 30, 2019, represented by total interest-bearing borrowings (excluding lease liabilities) as a percentage of total equity, was 43.7% (December 31, 2018: 50.2%).

During the first half of 2019, the net cash generated from operating activities was RMB930.3 million. The Group believes its liquidity requirements will be satisfied with the combination of capital generated from operating activities and future bank borrowings. The net cash used in investing activities in the first half of 2019 was RMB288.5 million, while the net cash used in financing activities was RMB732.4 million. During the first half of 2019, the Group raised and repaid bank and other borrowings of RMB2,575.0 million and RMB2,840.1 million respectively.

Capital Expenditure

The Group's capital expenditure primarily comprised of payments for newly opened stores, upgrading existing store formats, expanding new concept and mega stores and injecting resources into its online and sports services platform. During the first half of 2019, the total capital expenditure was RMB290.7 million (first half of 2018: RMB216.7 million). As at June 30, 2019, the Group had no material capital commitments and contingent liabilities.

Foreign Exchange

The Group conducted its business primarily in the Greater China region and the majority of its transactions are denominated in RMB. As at June 30, 2019, the Group had no significant hedging instruments for managing its foreign exchange exposure. As the exchange rate of RMB against foreign currencies may fluctuate, the Group may enter into forward contracts, currency swaps or options to hedge against currency risks arising from foreign currency transactions when necessary.

The Group has a dedicated treasury division and internal treasury policies and approval guidelines to manage and control the Group's exposure to structured deposit investments. The use of derivatives and approval procedures were in accordance to our internal policies and guidelines during the first half of 2019.

Prospects and Future Developments

The Group's management maintains optimistic about the long-term growth opportunities within the China sportswear and sports consumption markets, which will continue to be supported by rising health awareness, growing sports participation rates, and the continued athleisure trend in the Greater China region. As consumption is likely to continue being the dominant driver of economic growth in the PRC, sports consumption is expected to reach RMB1.5 trillion by 2020, according to a two-year national plan released by China's General Administration of Sport and the National Development and Reform Commission in January 2019. These trends will continue to support the Group's omni-channel distribution strategy, as well as demand for sports training, sports events and other sports services.

Despite this, there is a risk that the Group's short-to-medium term performance could be impacted by global macroeconomic factors, including slowing economic growth.

The Group will continue to organise and enhance its IP sports events across the Greater China region during the second half of 2019, as well as events licensed by sports event companies, organised with local governments, or in partnership with global brand partners. These include, but are not limited to, the following:

- "Go Wild" trail run tournament (IP event)
- "Dou Dao Di" 3 on 3 basketball league (IP event)
- HOOD to COAST marathon relay (licenced event)
- Kunshan Marathon, a cross Strait focused annual marathon event (lead organiser)
- The Beijing and Shanghai marathons and other regional marathons, in cooperation with brand partners
- YYsports online virtual running (strategic alliance with China's biggest running club company)
- Mini baseball training camp coached by Taiwan baseball superstar players (licensed event)
- Running, basketball, baseball, rock climbing etc. training programs (local events, serving as series to top-level sports events)

In order to differentiate ourselves with other market players, the Group will continue to develop new format stores focusing on providing fun and convenient sport services on top of quality sporting goods in our existing offline and online channels. We are looking forward to the new initiatives to be incorporated in our business model soon.

Looking forward to the second half of 2019, the Group will continue to develop its digital platform and business intelligence system to better support its inventory management, optimise its resources and improve the efficiency of its working capital. In the future, the Group expects to integrate all of its point of sales, experiences or products oriented, as mini-distribution centres to support its channel and logistics strategy. It will continue to integrate and upgrade its omni-channel sales and distribution network, CRM applications (such as loyalty programs and membership engagements), and operational systems, to support the execution of sporting services and events across the Greater China region.

The Group will continue to expand the scale of its interaction with consumers to 365-day communications by cooperating with current and potential strategic partners and by connecting brands' products to relevant sports events and services.

With competition remaining intense, the business environment will remain challenging in the second half of 2019. However, through the above strategies, the Group expects to further enhance its long-term performance and profitability, optimise its resources and maximise returns for its customers, partners, employees and shareholders.

Human Resources

As at June 30, 2019, the Group had approximately 34,000 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 awarded shares and/or share options 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.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2019 (six months ended June 30, 2018: nil).

SHARE OPTION SCHEME

The share option scheme of the Company was adopted by the shareholders of the Company 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.

As at June 30, 2019, an aggregate of 30,750,000 ordinary shares of the Company (the "Shares") have been issued and an aggregate of 12,038,190 Shares may be issued upon full exercise of all share options granted under the Share Option Scheme. Out of an aggregate of 12,038,190 Shares which may be issuable under vested and unvested options, 2,707,640 Shares of which, representing approximately 0.05% of the total number of issued Shares, are immediately issuable and 9,330,550 Shares are issuable upon vesting and full exercise of share options.

SHARE AWARD SCHEME

The share award scheme of the Company was adopted on May 9, 2014 and duly amended on November 11, 2016, which is valid and effective for a term of 10 years commencing on May 9, 2014 (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. The total number of Shares to be awarded under the Share Award Scheme shall 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 shall 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).

During the six months ended June 30, 2019, 13,826,000 share awards were granted, 2,219,000 share awards lapsed or were cancelled and 3,096,000 share awards were vested under the Share Award Scheme. As at June 30, 2019, an aggregate of 52,354,450 share awards which are subject to certain vesting conditions, remain unvested.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2019, 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, 2018: nil).

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 interim financial information for the six months ended June 30, 2019, 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, the independent auditor of the Company has reviewed the unaudited condensed consolidated interim financial information for the six months ended June 30, 2019 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.

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, 2019.

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. 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, 2019.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Company (www.pousheng.com) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The interim report 2019 of the Company will be dispatched to the Shareholders 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 customers, 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 period.

By Order of the Board
Wu, Pan-Tsu
Chairman

Hong Kong, August 13, 2019

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. Feng Lei Ming

Website: www.pousheng.com