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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)

FINAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

THE GROUP'S FINANCIAL HIGHLIGHTS			
Financial performance	For the year ended December 31,		Change
	2024	2023	
	RMB'000	RMB'000	
Revenue	18,453,923	20,064,497	-8.0%
Gross profit	6,308,950	6,755,980	-6.6%
Operating profit	709,226	735,861	-3.6%
Profit attributable to owners of the Company	491,497	490,425	0.2%
Gross profit margin (%)	34.2%	33.7%	0.5 ppt
Operating profit margin (%)	3.8%	3.7%	0.1 ppt
Basic earnings per share (RMB cents)	9.48	9.47	0.1%
Dividend per share			
Interim dividend, paid (HK\$)	0.02	0.0185	8.1%
Special dividend, paid (HK\$)	0.02	–	N/A
Final dividend, proposed (HK\$)	0.01	0.0120	-16.7%
Special dividend, proposed (HK\$)	0.01	–	N/A
Financial position	As at December 31,		
	2024	2023	
	RMB'000	RMB'000	
Inventories	4,946,314	4,704,713	5.1%
Trade and other receivables	2,124,515	2,101,577	1.1%
Cash and cash equivalents	1,419,052	1,827,563	-22.4%
Bank borrowings	39,273	39,202	0.2%

RESULTS

The board (the “Board”) of directors (the “Directors”) of Pou Sheng International (Holdings) Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended December 31, 2024 with comparative figures for the corresponding year in 2023 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	18,453,923	20,064,497
Cost of sales		<u>(12,144,973)</u>	<u>(13,308,517)</u>
Gross profit		6,308,950	6,755,980
Other operating income and gains (losses)		288,027	319,850
Selling and distribution expenses		(5,136,105)	(5,588,228)
Administrative expenses		<u>(751,646)</u>	<u>(751,741)</u>
Operating profit		709,226	735,861
Finance costs		<u>(67,796)</u>	<u>(92,335)</u>
Finance income		49,978	37,615
		(17,818)	(54,720)
Other gains (losses)	4	<u>(3,200)</u>	<u>(24,432)</u>
Profit before taxation		688,208	656,709
Income tax expense	5	<u>(190,386)</u>	<u>(153,501)</u>
Profit for the year	6	<u><u>497,822</u></u>	<u><u>503,208</u></u>
Attributable to:			
Owners of the Company		491,497	490,425
Non-controlling interests		<u>6,325</u>	<u>12,783</u>
		<u><u>497,822</u></u>	<u><u>503,208</u></u>
Earnings per share	8		
– Basic		<u>RMB9.48 cents</u>	<u>RMB9.47 cents</u>
– Diluted		<u>RMB9.47 cents</u>	<u>RMB9.46 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit for the year	497,822	503,208
Other comprehensive income (expense)		
<i>An item that will not be reclassified to profit or loss</i>		
Fair value gain on investments in equity instrument at fair value through other comprehensive income	1,256	79
<i>An item that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on the translation of foreign operations	<u>3,240</u>	<u>(1,185)</u>
Other comprehensive income (expense) for the year	<u>4,496</u>	<u>(1,106)</u>
Total comprehensive income for the year	<u>502,318</u>	<u>502,102</u>
Attributable to:		
Owners of the Company	495,993	489,319
Non-controlling interests	<u>6,325</u>	<u>12,783</u>
	<u>502,318</u>	<u>502,102</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment properties		126,500	129,700
Property, plant and equipment		786,134	781,568
Right-of-use assets		1,398,364	1,743,073
Deposits paid for acquisition of property, plant and equipment		47,981	25,063
Rental deposits		109,213	125,098
Intangible assets		96,158	85,820
Goodwill		522,163	522,163
Interests in joint ventures		–	–
Equity instrument at fair value through other comprehensive income		3,088	1,921
Bank deposits over three months		437,840	250,000
Deferred tax assets		102,826	110,222
		<u>3,630,267</u>	<u>3,774,628</u>
Current assets			
Inventories		4,946,314	4,704,713
Trade and other receivables	9	2,124,515	2,101,577
Taxation recoverable		71,232	52,577
Bank deposits over three months		846,510	796,615
Cash and cash equivalents		1,419,052	1,827,563
		<u>9,407,623</u>	<u>9,483,045</u>

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Current liabilities			
Trade and other payables	10	2,349,583	2,485,038
Contract liabilities		314,030	303,726
Taxation payable		12,396	17,928
Bank borrowings		39,273	39,202
Lease liabilities		538,548	625,826
		<u>3,253,830</u>	<u>3,471,720</u>
Net current assets		<u>6,153,793</u>	<u>6,011,325</u>
Total assets less current liabilities		<u>9,784,060</u>	<u>9,785,953</u>
Non-current liabilities			
Deferred tax liabilities		21,293	22,931
Lease liabilities		891,971	1,152,441
		<u>913,264</u>	<u>1,175,372</u>
Net assets		<u>8,870,796</u>	<u>8,610,581</u>
Capital and reserves			
Share capital		46,438	46,438
Reserves		8,728,047	8,471,693
Equity attributable to owners of the Company		8,774,485	8,518,131
Non-controlling interests		96,311	92,450
Total equity		<u>8,870,796</u>	<u>8,610,581</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The immediate holding company of the Company is Major Focus Management Limited, a company incorporated in the British Virgin Islands and the ultimate parent of the Company is Pou Chen Corporation, a company listed on the Taiwan Stock Exchange Corporation. The shares of an intermediate holding company of the Company, Yue Yuen Industrial (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, are also listed on the Stock Exchange.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after January 1, 2024 for the preparation of the Group’s consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the Group’s 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 other than entity-wide disclosures.

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

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Sales of sportswear and footwear products	18,342,410	19,946,875
Commissions from concessionaire sales	111,513	117,622
	<u>18,453,923</u>	<u>20,064,497</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Fair value gain on a currency swap contract	–	368
Fair value changes on investment properties	<u>(3,200)</u>	<u>(24,800)</u>
	<u>(3,200)</u>	<u>(24,432)</u>

5. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Taxation attributable to the Company and its subsidiaries:		
People's Republic of China ("PRC")		
Enterprise Income Tax ("EIT")		
– Current year	183,834	112,594
– Overprovision in prior years	(14,460)	(14,723)
Withholding tax on dividend	<u>15,254</u>	<u>6,169</u>
Current tax charge	184,628	104,040
Deferred tax charge	<u>5,758</u>	<u>49,461</u>
	<u>190,386</u>	<u>153,501</u>

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 for certain subsidiaries eligible for PRC EIT of 15% from local tax bureaus.

Dividends distributed from the PRC subsidiaries are subject to withholding tax of 5%.

6. PROFIT FOR THE YEAR

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' and chief executives' emoluments	4,921	4,696
Retirement benefit scheme contributions, excluding directors and chief executives	337,424	322,169
Equity-settled share-based payments, excluding directors and chief executives	3,673	2,022
Other staff costs	<u>1,804,779</u>	<u>1,951,107</u>
Total staff costs	<u>2,150,797</u>	<u>2,279,994</u>
Auditor's remuneration	5,896	5,418
Depreciation of property, plant and equipment	324,456	363,636
Depreciation of right-of-use assets	758,336	882,475
Amortisation of intangible assets (included in selling and distribution expenses)	11,393	9,067
Impairment loss on property, plant and equipment and right-of-use assets (included in selling and distribution expenses)	–	27,781
Gross rental income from investment properties, net of direct expenses	(5,736)	(4,000)
Net changes in allowance for inventories	<u>(16,556)</u>	<u>(78,882)</u>

For the years ended December 31, 2024 and 2023, cost of inventories recognised as an expense, including net changes in allowance for inventories, represents cost of sales as shown in the consolidated income statement.

7. DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Dividend recognised as distribution during the year:		
2023 final dividend of HK\$0.0120 per share (2023: nil)	56,652	–
2024 interim dividend of HK\$0.02 per share (2023: 2023 interim dividend of HK\$0.0185 per share)	93,486	87,883
2024 special dividend of HK\$0.02 per share (2023: nil)	<u>93,486</u>	<u>–</u>
	<u>243,624</u>	<u>87,883</u>

Subsequent to the end of the reporting period, a final dividend of HK\$0.01 per share (2023: HK\$0.0120 per share) and a special dividend of HK\$0.01 per share (2023: nil) in respect of the year ended December 31, 2024 have been proposed by the Directors and will be paid to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company (the “Register of Members”) on Tuesday, June 3, 2025.

The proposed final dividend and special dividend are subject to approval by the Shareholders at the forthcoming 2025 annual general meeting.

8. 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings:		
Earnings for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>491,497</u>	<u>490,425</u>
	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,182,147,102	5,177,341,013
Effect of dilutive potential ordinary shares:		
– Unvested awarded shares	<u>6,830,008</u>	<u>4,664,831</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,188,977,110</u>	<u>5,182,005,844</u>

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 for the year ended December 31, 2024 did not consider the effect arising from the unvested awarded shares granted would result in an increase in earnings per share.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of RMB973,701,000 (2023: RMB978,919,000). 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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 30 days	955,328	955,025
31 – 90 days	18,373	23,546
Over 90 days	–	348
	973,701	978,919

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of RMB971,990,000 (2023: RMB1,252,834,000). 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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 30 days	954,011	1,252,501
31 – 90 days	12,968	257
Over 90 days	5,011	76
	971,990	1,252,834

The 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Business Model and Environment

Business Environment

In 2024, the Group experienced subdued sales momentum with weak foot traffic across various cities in mainland China, amidst a mixed sportswear consumption landscape. Slower macro consumption led to intensifying competition, with the performance of the footwear and apparel retail sector lagging behind overall consumer spending in mainland China. According to the National Bureau of Statistics of China, the retail sales of garments, footwear, hats, knitwear in 2024 rose 0.3% year-on-year, compared to a 3.5% increase in total retail sales.

Amidst volatile foot traffic, the Group continuously improved sales conversion rates within its directly operated brick and mortar (“B&M”) network, as it further progressed its retail refinement strategy and dynamically managed its store portfolio, optimising store-level productivity and efficiency. At the same time, the Group’s omni-channel sales remained resilient, despite the high competitiveness of e-commerce in mainland China, as it leveraged its continuously improving omni-channel capabilities while maintaining a high degree of agility and flexibility in its decision-making processes. Notably, the performance of the Group’s B2C public and private traffic domain was satisfactory, with Douyin livestreaming sales experiencing a two-fold increase, partly offsetting the pressure on its offline retail channels.

Amid a dynamic and promotional retail environment, the Group safeguarded its profitability and margins through its diversified channel mix, enhanced digital capabilities, well-managed discount controls, effective inventory management and stringent expense controls. The Group participated in shopping festival promotion events on selected platforms while strengthening its product selection and allocation efficiency. At the same time, the Group continued to focus on improving conversion rates and in-season full-price sales, while deepening its engagement with and services provided to consumers. The Group also intensified and expanded its collaboration with brand and platform partners in ways that prioritised healthier sales, enhanced its membership programmes and inventory integration, and broadened its appeal to a wider consumer base, further demonstrating its agile retailing operational capabilities.

Hybrid Channel Management – B&M

The sales momentum of the Group’s B&M network was impacted by a nearly 30% year-on-year footfall reduction amid the changing economic environment. However, improved in-store transaction rates within its B&M network were weighed down by soft same-store sales growth.

Additionally, the Group diversified its geographic footprint through its strategic partnerships with sub-distributors, allowing for a more balanced sales distribution across different city tiers. It continued to penetrate lower-tier cities with the support of sub-distributors, which mitigated certain the downward pressure on foot traffic experienced in higher-tier cities throughout the year.

During the year, the Group continued to progress its retail refinement strategy of selectively rightsizing or upgrading stores, streamlining operations, improving cost competitiveness and people efficiency, while boosting store-level productivity. It continued to adopt a holistic view towards new store openings: optimising total investment return by prioritising geographic regions that demonstrate an outstanding operating track record and convincing potential and new stores only being opened following a thorough assessment that prioritises margins and business quality. As of December 31, 2024, the Group directly operated 3,448 stores across the Greater China region.

Movement of directly operated stores during the year ended:

	December 31, 2024	December 31, 2023
At the beginning of the year	3,523	4,093
Net decrease	<u>(75)</u>	<u>(570)</u>
At the end of the year	<u>3,448</u>	<u>3,523</u>

B&M retail channels remain a critical and irreplaceable sales touchpoint for consumers in the Greater China region who want to discover new products and experience a unique, personalised and seamless shopping experience for sports products and services. Throughout 2024, the Group continued to optimise its store formats and enhance its digital capabilities by integrating its Pan-WeChat Ecosphere, membership programmes and other digital services and tools into its B&M network, which, in turn, enriched the consumer experience despite the dynamic consumption landscape. It also continued to implement efficiency enhancement projects to encourage better store entry and transaction rates, repeat purchases and higher-margin in-season sales within its offline network.

Hybrid Channel Management – Omni-channels

The Group's omni-channels include its higher-margin private traffic domain known as the Pan-WeChat Ecosphere. This ecosystem encompasses various platforms, including WeChat stores, Douyin live-streaming shopping events, and shopping mall membership platforms. The Group's other omni-channels include its operations located at public traffic domains, such as Tmall, JD, Vipshop, and other B2B channels which facilitate the clearance of slow-moving merchandise and support cash conversion efficiency.

The Group's online sales momentum, driven by its public traffic domain's online multi-storefront model and Pan-WeChat Ecosphere, remained resilient and collectively contributed approximately 28% of total sales in 2024. This partly offset weak foot traffic within its B&M stores while supporting effective inventory management. The Group continued to strengthen its digital capabilities throughout the year, leveraging a differentiated and multi-faceted operation matrix to further deepen its engagement with diverse shopping groups and enhance operational efficiency.

The Pan-WeChat Ecosphere serves as an extension of the Group's B&M network, supporting conversion rates and contributing to offline direct retail sales while providing quality, personalised and comprehensive customer service with a human touch. The Group heightened the efficiency of its operations by further integrating its Douyin live-streams conducted by designated Key Opinion Staff and influencers, facilitating more localised operations by upgrading operations at both the regional and store levels, fully integrating its inventory across mainland China, and strengthening cooperation with brand partners. As a result, livestream sales increased by over 100% during the year. To achieve quality sales and more repeat purchases, the Group also continued to embed value-added services, diverse content, and member-exclusive benefits stemming from its integrated membership programmes with its brand partners into the Pan-WeChat Ecosphere.

Enhanced Strategic Alliance with Business Partners

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

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

Strengthened Operational Excellence with Digital Transformation

In 2024, the Group successfully completed the comprehensive upgrade of its enterprise resource planning (“ERP”) system, achieving a milestone in its core strategy: digital transformation for a brand-new future. Since officially launching its new SAP ERP system, the Group has continued to implement multiple SAP modules that integrate its business and finance functions, laying a solid foundation for strategic decision-making at the management level. The modules cover various functions, including data analytics, product management, sales management, financial operations, and budget monitoring. Through its fully integrated business intelligence platform, it is able to monitor its entire operations through digital cloud-based financial dashboards on a real-time basis. The Group continued to upgrade other digital tools and dashboards to drive its retail excellence, particularly in areas of real-time in-store efficiency, resource optimisation and membership services through digital empowerment.

Performance Analysis

Financial Review

In 2024, the Group recorded revenue of RMB18,453.9 million, representing a decrease of 8.0% compared with 2023. Gross profit was RMB6,308.9 million, representing a decrease of 6.6% compared with 2023. Profit attributable to owners of the Company in 2024 remained stable at RMB491.5 million, despite the pressure on its topline revenue.

Revenue

In 2024, the Group’s total revenue decreased to RMB18,453.9 million amid an increasingly dynamic retail environment, with a nearly 30% drop in foot traffic and a substantial decrease in same-store sales hindering overall sales despite the resilient performance of its omni-channels.

	For the year ended December 31,		Change
	2024	2023	
	<i>RMB million</i>	<i>RMB million</i>	
Revenue	18,453.9	20,064.5	-8.0%
Cost of sales	(12,145.0)	(13,308.5)	-8.7%
Gross profit	6,308.9	6,756.0	-6.6%
Gross profit margin (%)	34.2%	33.7%	0.5 ppt

Gross Profit

The Group's gross profit in 2024 amounted to RMB6,308.9 million, with a gross profit margin of 34.2%, an increase of 0.5 percentage point year-on-year. The increase in gross profit margin was attributable to well-managed discount controls and effective inventory management, helping offset the impact of unfavourable channel mix.

Selling & Distribution Expenses and Administrative Expenses

The Group's selling and distribution expenses in 2024 were RMB5,136.1 million (2023: RMB5,588.2 million), accounting for 27.8% of the Group's revenue (2023: 27.9%). Selling and distribution expenses primarily include concessionaire fees, depreciation of right-of-use assets in relation to stores, sales personnel salaries and commissions, other depreciation and amortisation charges, and other expenses that mainly include store operation expenses, property management fees, logistics expenses and other expenses.

Administrative expenses in 2024 were RMB751.6 million (2023: RMB751.7 million), accounting for 4.1% of the Group's revenue (2023: 3.7%). 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 2024 were RMB5,887.7 million, a decrease of 7.1% compared to 2023. This was equivalent to 31.9% of total revenue, with the savings accruing from the active management of rentals and people efficiency.

Operating Profit

The Group's operating profit in 2024 was RMB709.2 million, a decrease of 3.6%. Nevertheless, the Group's cost-reduction and efficiency-improvement efforts offset the impact of operating deleveraging and supported an operating margin of 3.8%, a mild expansion of 0.1 percentage point year-on-year.

Finance Income and Finance Costs

Finance income in 2024 was RMB50.0 million, compared to RMB37.6 million in 2023. Finance costs during the year decreased by 26.6% to RMB67.8 million, compared to RMB92.3 million in 2023. This reduction was mainly attributed to a decrease in interest expenses on lease liabilities, and a low overall debt level.

Profit for the Year

The Group's net profit for the year was RMB497.8 million, while profit attributable to owners of the Company was RMB491.5 million. The margin of profit attributable to owners of the Company was 2.7%, an expansion of 0.3 percentage point year-on-year.

Working Capital Efficiency

The average inventory turnover period for the year improved to 145 days (2023: 148 days). The year-end inventory aged over 12 months represented less than 8% of total inventory, reflecting the Group's successful efforts to maintain healthy inventory levels and enhance inventory efficiency. The balance of inventory as at December 31, 2024 was RMB4,946.3 million (December 31, 2023: RMB4,704.7 million). The average trade receivables turnover period was 19 days (2023: 17 days), which remained consistent with the credit terms of 30 to 60 days that the Group gives its department store counters and retail distributors. The average trade payables turnover period in 2024 was 34 days (2023: 28 days).

Liquidity and Financial Resources

As at December 31, 2024, the Group maintained a strong financial position, with bank balances and cash (which consist of bank deposits over three months and cash and cash equivalents) amounting to RMB2,703.4 million (December 31, 2023: RMB2,874.2 million) while working capital (current assets minus current liabilities) was RMB6,153.8 million (December 31, 2023: RMB6,011.3 million). Total bank borrowings were RMB39.3 million (December 31, 2023: RMB39.2 million). All bank borrowings are short-term in nature which are repayable within one year. Bank balances and cash and bank borrowings were mainly denominated in Renminbi. The Group's loans under a fixed rate arrangement made up approximately 100% (December 31, 2023: 100%) of total bank borrowings.

The Group's gearing ratio as of December 31, 2024, represented by total interest-bearing borrowings (excluding lease liabilities) as a percentage of total equity, was 0.4% (December 31, 2023: 0.5%). The net cash position (bank balances and cash minus bank borrowings) was RMB2,664.1 million (December 31, 2023: RMB2,835.0 million).

The net cash generated from operating activities in 2024 was RMB1,184.6 million. The Group believes its liquidity requirements will continue to be satisfied by the combination of capital generated from operating activities and future bank borrowings. The net cash used in investing activities in 2024 was RMB534.4 million, while the net cash used in financing activities was RMB1,060.2 million.

Capital Expenditure

The Group maintained its selective and prudent approach to capital expenditure planning, focused on areas including: strategic opening of new stores; ongoing upgrade of experience-driven B&M stores that offer a better shopping experience; store productivity improvements; and further roll-out of long-term digital transformation strategy, namely the optimisation of SAP ERP system. Total capital expenditure in 2024 increased to RMB371.4 million (2023: RMB344.2 million). As at December 31, 2024, the Group had no material contingent liabilities.

As at December 31, 2024, capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements was RMB17.0 million (December 31, 2023: RMB53.1 million). The Group also entered into new leases for several retail stores that have not yet commenced, with an average non-cancellable period ranging from 1 to 6 years (December 31, 2023: 1 to 3 years), with the total future undiscounted cash flows over the non-cancellable period amounting to RMB41.0 million (December 31, 2023: RMB5.7 million).

Foreign Exchange

The Group conducts its business primarily in the Greater China region and the majority of its transactions are denominated in Renminbi. As at December 31, 2024, the Group had no significant hedging financial instruments for managing its foreign exchange exposure. As the exchange rate of the Renminbi against foreign currencies may fluctuate, the Group may enter into forward contracts, currency swaps or options to hedge against currency risks arising from foreign currency transactions when necessary.

The Group has a dedicated treasury division and internal treasury policies and approval guidelines to manage and control the Group's exposure to structured deposit investments. The use of derivatives and approval procedures in 2024 was in accordance with the Group's internal policies and guidelines.

PROSPECTS AND FUTURE DEVELOPMENTS

In 2025, the Group will prioritise balancing sales momentum and margins within a retail environment expected to remain dynamic and challenging. This effort will be supported by the Group's unwavering commitment to operational excellence and its digital transformation strategy. It will also continue to enhance its business portfolio, diversify its channel mix, boost operational efficiency, uphold its strategic approach to dynamic inventory control, and effectively manage its working capital.

The Group will continue to implement its retail refinement strategy to offer a digitally-enabled and superior customer experience, while dynamically managing its B&M and omni-channel footprint. This includes the further expansion of its self-owned "YYQUALITY" stores – a new multi-brand outlet store concept that provides customers with an appealing option for quality good-value merchandise. By staying aligned with market trends and introducing innovative formats, the Group aims to further strengthen its competitive position and offer diverse shopping experiences.

In addition, the Group will continue to broaden and diversify its exposure to different sports product categories and segments by strengthening its vertical market operations, aiming to drive greater contributions from new brands. This includes advancing the roll-out of new mono-brand stores for Crocs, Saucony and Pony 1972, as well as expanding the reach of Jack Wolfskin and Dynafit to target growth opportunities in the outdoor market. The Group also aims to scale up the presence of popular Korean yoga brand XEXYMIX for which the Group is the sole distributor in mainland China through a multi-faceted online and offline operation matrix. The Group will maintain its agility in adapting to the evolving needs and preferences of consumers by expanding its public and private domains within its omni-channels to stay in tune with current trends. This includes enhancing product selection and stock building, integrating inventory within Douyin live-streams, adopting an online multi-storefront model, and employing a multifaceted approach namely Xiaohongshu “grass-planting” marketing initiatives and instant retail trends, further increasing online contribution and profitability.

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

At the same time, the Group will continue to enhance the integration and upgrade of SAP system by utilising its multi-functional modules to achieve the integration and optimisation of business and finance. Additionally, the Group will further leverage its recently upgraded business intelligence platforms, enabling the real-time monitoring of overall operations through digital cloud-based financial dashboards. It will also integrate other digital empowerment tools to improve its operational efficiency. Furthermore, the Group will continue to reinforce its in-season sell-through, off-season clearance and solid margins through its PSP, while pursuing a more agile procurement strategy and inventory management.

Despite the near-term macroeconomic challenges, the prospects for sports industry in the Greater China region remain bright, with mainland Chinese authorities remaining committed to high-quality sports development and boosting relevant consumption, with the industry set to grow to RMB5 trillion in value by 2025. Sportswear consumption growth will be further bolstered, particularly in the vertical and female segments, by the 2025 Asian Winter Games, 2025 World Athletics Indoor Championships and the 2025 World Games, set to be held in Harbin, Nanjing and Chengdu, respectively, as well as global flagship women’s championship events like the 2025 UEFA Women’s European Championships and the 2025 Women’s Rugby World Cup. These trends will continue to drive the Group’s sustainable growth momentum and strengthen its long-term operating performance and profitability.

HUMAN RESOURCES

As at December 31, 2024, the Group had approximately 20,000 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 share awards to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, the Group provides other fringe benefits, such as social insurance, mandatory provident funds, medical coverage and training programmes for employees based on their respective personal career development.

SHARE AWARD SCHEME

The share award scheme of the Company (the “Share Award Scheme”) is funded by the existing shares of the Company (the “Shares”) and does not involve issue of new Shares. 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 should not exceed 4% of the number of issued Shares (i.e. 5,326,179,615 Shares) as at the date of grant, which is 213,047,184. The maximum number of Shares (including vested and non-vested Shares) which may be awarded to a selected participant should not exceed 1% of the issued Shares from time to time, which is 53,261,796.

Under the Share Award Scheme, a total of 133,721,810 Shares, representing approximately 2.51% of the issued Shares, have been awarded and the total number of Shares available for being further awarded is 79,325,374, representing approximately 1.49% of the issued Shares as at the date of this announcement.

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 year ended December 31, 2024, 22,000,000 share awards were granted, 435,800 share awards lapsed or were cancelled and 4,711,400 share awards were vested under the Share Award Scheme. As at December 31, 2024, an aggregate of 22,080,000 share awards which are subject to certain vesting conditions, remain unvested.

ANNUAL GENERAL MEETING

The forthcoming 2025 annual general meeting of the Company will be held on Friday, May 23, 2025 (the “2025 AGM”). Notice of the 2025 AGM will be published and issued to the Shareholders in due course.

DIVIDENDS

During the year, an interim dividend of HK\$0.02 and a special dividend of HK\$0.02 in cash per Share for the six months ended June 30, 2024 (six months ended June 30, 2023: interim dividend of HK\$0.0185 per Share) were paid to the Shareholders on October 4, 2024, amounting to approximately HK\$213.0 million (six months ended June 30, 2023: HK\$98.5 million).

After the end of the year, the Directors recommended a final dividend and a special dividend in respect of the year ended December 31, 2024 of HK\$0.01 and HK\$0.01 in cash per Share respectively (2023: final dividend of HK\$0.0120 per Share) to the Shareholders whose names appear on the Register of Members on Tuesday, June 3, 2025, amounting to approximately HK\$106.5 million (2023: HK\$63.9 million), subject to the approval by the Shareholders at the 2025 AGM. As a result, the full-year dividend for 2024 will amount to HK\$0.06 per Share (2023: HK\$0.0305 per Share), representing a payout ratio of 60% (2023: 30%).

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2025 AGM

For the purpose of ascertaining entitlement to attend and vote at the 2025 AGM (the “Entitlement to 2025 AGM”), the Register of Members will be closed from Tuesday, May 20, 2025 to Friday, May 23, 2025, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, May 19, 2025. The record date for Entitlement to 2025 AGM will be on Friday, May 23, 2025.

Entitlement to the proposed final dividend and special dividend

For the purpose of ascertaining entitlement to the proposed final dividend and special dividend (the “Entitlement to Final Dividend and Special Dividend”), the Register of Members will be closed from Tuesday, June 3, 2025 to Friday, June 6, 2025, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend and special dividend payable on Tuesday, June 24, 2025, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, June 2, 2025. Dividend warrants will be despatched on Tuesday, June 24, 2025. The record date for Entitlement to Final Dividend and Special Dividend will be Tuesday, June 3, 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities (2023: nil).

REVIEW OF ACCOUNTS

The audit committee of the Board has reviewed, with management and Messrs. Deloitte Touche Tohmatsu, the independent auditor of the Company (“Messrs. Deloitte Touche Tohmatsu”), the Group’s consolidated financial statements for the year ended December 31, 2024, the accounting principles and practices adopted by the Group and has discussed auditing, risk management and internal controls, and financial reporting matters.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group’s consolidated statement of financial position as at December 31, 2024, consolidated income statement and consolidated statement of comprehensive income for the year ended December 31, 2024, and the related notes thereto as set out in this announcement have been agreed by Messrs. Deloitte Touche Tohmatsu to the amounts as set out in the audited consolidated financial statements of the Group for the year as approved by the Board on March 11, 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

CORPORATE GOVERNANCE

The Company has applied the principles of, and has complied with all applicable code provisions and, where applicable, the recommended best practices set out in Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the year ended December 31, 2024.

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 C3 to the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by Directors. Having made specific enquiry by the Company to all Directors, each of them has confirmed that he/she has complied with the required standard set out in the Model Code throughout the year ended December 31, 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.pousheng.com) and the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2024 annual report of the Company containing all applicable information required by the Listing Rules will be made available on the above websites and sent to the Shareholders in the manner required by the Listing Rules 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 year.

By Order of the Board
Yu Huan-Chang
Chairman

Hong Kong, March 11, 2025

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

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

Website: www.pousheng.com