

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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, 2025

THE GROUP'S FINANCIAL HIGHLIGHTS			
	For the six months ended June 30,		
	2025	2024	
Financial performance	RMB'000	RMB'000	Change
	(unaudited)	(unaudited)	
Revenue	9,159,425	9,983,269	-8.3%
Gross profit	3,069,210	3,415,700	-10.1%
Operating profit	281,596	482,555	-41.6%
Profit attributable to owners of the Company	187,615	335,722	-44.1%
Gross profit margin (%)	33.5%	34.2%	-0.7 ppt
Operating profit margin (%)	3.1%	4.8%	-1.7 ppt
Basic earnings per share (<i>RMB cents</i>)	3.62	6.48	-44.1%
Dividend per share			
Interim dividend (<i>HK\$</i>)	0.0115	0.02	-42.5%
Special dividend (<i>HK\$</i>)	0.0115	0.02	-42.5%
	As at		
	June 30, 2025	December 31, 2024	
Financial position	RMB'000	RMB'000	
	(unaudited)	(audited)	
Inventories	4,865,388	4,946,314	-1.6%
Trade and other receivables	2,009,997	2,124,515	-5.4%
Cash and cash equivalents	1,232,169	1,419,052	-13.2%
Bank borrowings	196,778	39,273	401.1%

RESULTS

The board (the “Board”) of directors (the “Directors”) of Pou Sheng International (Holdings) Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended June 30, 2025 with the corresponding comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2025

		For the six months ended June 30,	
		2025	2024
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	9,159,425	9,983,269
Cost of sales		(6,090,215)	(6,567,569)
Gross profit		3,069,210	3,415,700
Other operating income and gains (losses)		102,671	118,664
Selling and distribution expenses		(2,508,356)	(2,672,160)
Administrative expenses		(381,929)	(379,649)
Operating profit		281,596	482,555
Finance costs	5	(28,091)	(35,380)
Finance income		21,599	27,736
		(6,492)	(7,644)
Profit before taxation		275,104	474,911
Income tax expense	4	(74,998)	(136,905)
Profit for the period	5	200,106	338,006
Attributable to:			
Owners of the Company		187,615	335,722
Non-controlling interests		12,491	2,284
		200,106	338,006
Earnings per share	7		
– Basic		RMB3.62 cents	RMB6.48 cents
– Diluted		RMB3.61 cents	RMB6.48 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2025

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	200,106	338,006
Other comprehensive (expense) income		
<i>An item that will not be reclassified to profit or loss</i>		
Fair value (loss) gain on investments in equity instrument at fair value through other comprehensive income	(716)	1,256
<i>An item that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on the translation of foreign operations	(1,626)	3,313
Other comprehensive (expense) income for the period	(2,342)	4,569
Total comprehensive income for the period	197,764	342,575
Attributable to:		
Owners of the Company	185,273	340,291
Non-controlling interests	12,491	2,284
	197,764	342,575

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2025

		At June 30, 2025	At December 31, 2024
	Note	RMB'000 (unaudited)	RMB'000 (audited)
Non-current assets			
Investment properties		126,500	126,500
Property, plant and equipment		722,966	786,134
Right-of-use assets		1,237,740	1,398,364
Deposits paid for acquisition of property, plant and equipment		35,710	47,981
Rental deposits		108,238	109,213
Intangible assets		97,106	96,158
Goodwill		522,163	522,163
Interests in joint ventures		—	—
Equity instrument at fair value through other comprehensive income		2,749	3,088
Bank deposits over three months		337,840	437,840
Deferred tax assets		138,842	102,826
		<u>3,329,854</u>	<u>3,630,267</u>
Current assets			
Inventories		4,865,388	4,946,314
Trade and other receivables	8	2,009,997	2,124,515
Taxation recoverable		29,399	71,232
Bank deposits over three months		1,124,123	846,510
Cash and cash equivalents		1,232,169	1,419,052
		<u>9,261,076</u>	<u>9,407,623</u>

		At June 30, 2025 RMB'000 (unaudited)	At December 31, 2024 RMB'000 (audited)
	Note		
Current liabilities			
Trade and other payables	9	1,857,721	2,349,583
Contract liabilities		261,419	314,030
Taxation payable		16,098	12,396
Bank borrowings		196,778	39,273
Lease liabilities		512,507	538,548
		<u>2,844,523</u>	<u>3,253,830</u>
Net current assets		<u>6,416,553</u>	<u>6,153,793</u>
Total assets less current liabilities		<u>9,746,407</u>	<u>9,784,060</u>
Non-current liabilities			
Deferred tax liabilities		20,475	21,293
Lease liabilities		748,574	891,971
		<u>769,049</u>	<u>913,264</u>
Net assets		<u><u>8,977,358</u></u>	<u><u>8,870,796</u></u>
Capital and reserves			
Share capital		46,438	46,438
Reserves		8,822,118	8,728,047
		<u>8,868,556</u>	<u>8,774,485</u>
Equity attributable to owners of the Company		108,802	96,311
Non-controlling interests		<u>108,802</u>	<u>96,311</u>
Total equity		<u><u>8,977,358</u></u>	<u><u>8,870,796</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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.

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

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of sportswear and footwear products	9,105,516	9,924,029
Commissions from concessionaire sales	53,909	59,240
	9,159,425	9,983,269

4. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
People's Republic of China Enterprise Income Tax		
– Current period	121,652	125,213
– Overprovision in prior periods	(24,819)	(11,547)
Withholding tax on dividend	15,000	15,254
Current tax charge – total	111,833	128,920
Deferred tax (credit) charge	(36,835)	7,985
	74,998	136,905

5. FINANCE COSTS/PROFIT FOR THE PERIOD

		For the six months ended June 30,	
		2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
(a) Finance costs			
Interest expenses on bank borrowings		1,482	1,191
Interest expenses on advances from a related party		47	50
Interest expenses on lease liabilities		26,562	34,139
		<u>28,091</u>	<u>35,380</u>
(b) Profit for the period			
Profit for the period has been arrived at after charging (crediting):			
Total staff costs (included in selling and distribution expenses and administrative expenses)		1,053,815	1,092,906
Depreciation of right-of-use assets		337,733	389,640
Depreciation of property, plant and equipment		153,813	162,410
Net changes in allowance for inventories (included in cost of sales)		18,754	(1,484)
Amortisation of intangible assets (included in selling and distribution expenses)		6,856	4,553
Gross rental income from investment properties, net of direct expenses		(2,760)	(3,065)
Subsidy income from government (included in other operating income and gains (losses))		(25,837)	(22,949)
Loss on disposal/written off of property, plant and equipment (included in other operating income and gains (losses))		6,450	3,300
Impairment losses (reversal) recognised on trade and other receivables, net (included in other operating income and gains (losses))		(4,403)	2,429
		<u>(4,403)</u>	<u>2,429</u>

For the six months ended June 30, 2025 and 2024, 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,	
2025	2024
<i>RMB'000</i>	<i>RMB'000</i>
(unaudited)	(unaudited)

Dividends recognised as distribution during the period:

2024 final dividend of HK\$0.01 per share (six months ended June 30, 2024:		
2023 final dividend of HK\$0.012 per share)	47,368	56,652
2024 special dividend of HK\$0.01 per share (six months ended June 30, 2024: nil)	47,368	—
	<u>94,736</u>	<u>56,652</u>

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HK\$0.0115 per ordinary share of the Company (the “Share”) and a special dividend of HK\$0.0115 per Share (six months ended June 30, 2024: interim dividend of HK\$0.02 per Share and special dividend of HK\$0.02 per Share) amounting to approximately HK\$122,502,000 in aggregate will be paid to the holders of the Shares (the “Shareholders”) whose names appear in the register of members of the Company (the “Register of Members”) on Tuesday, September 16, 2025.

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,	
2025	2024
<i>RMB'000</i>	<i>RMB'000</i>
(unaudited)	(unaudited)

Earnings:

Earnings for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>187,615</u>	<u>335,722</u>
--	----------------	----------------

**For the six months
ended June 30,
2025 2024
(unaudited) (unaudited)**

Number of shares:

Weighted average number of ordinary shares for the purpose of basic earnings per share	5,183,714,855	5,181,024,601
--	----------------------	---------------

Effect of dilutive potential ordinary shares:

– Unvested awarded shares	<u>11,983,003</u>	<u>2,662,649</u>
---------------------------	--------------------------	------------------

Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,195,697,858</u>	<u>5,183,687,250</u>
--	-----------------------------	----------------------

For the purpose of computation of basic earnings per share, 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 credit periods of 30 days to 60 days which are agreed with each of its trade customers. The aged analysis of the Group's trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates, is as follows:

	At June 30, 2025 RMB'000 (unaudited)	At December 31, 2024 RMB'000 (audited)
0 – 30 days	899,678	955,328
31 – 90 days	18,646	18,373
Over 90 days	<u>215</u>	<u>–</u>
	<u>918,539</u>	<u>973,701</u>

9. TRADE AND OTHER PAYABLES

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

	At June 30, 2025 <i>RMB'000</i> (unaudited)	At December 31, 2024 <i>RMB'000</i> (audited)
0 – 30 days	678,616	954,011
31 – 90 days	–	12,968
Over 90 days	5,608	5,011
	<u>684,224</u>	<u>971,990</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Business Environment

In the six months ended June 30, 2025 (the “Period”), the retail landscape in mainland China remained dynamic, with promotional activities becoming the norm. Offline foot traffic continued to decline significantly, while new e-commerce models such as livestreaming and instant retail further intensified market competition. Despite this, overall consumption improved at a decent pace, driven by the expansion of trade-in policies. According to the National Bureau of Statistics of China, mainland China’s gross domestic product (“GDP”) grew by 5.3% in the first half of 2025, while total retail sales of consumer goods rose by 5.0% year-on-year during the same period. However, the footwear and apparel retail industry has not been among the beneficiaries and continues to lag behind overall consumption.

The mainland China market experienced subdued consumer confidence and elevated industry inventory levels, leading to weak foot traffic and aggressive promotional activity. In response to these conditions, the Group dynamically adjusted its promotion strategy, prudently implementing orderly discounts to capitalise on sales opportunities during platform festival promotion events. Despite remaining committed to effective inventory management, optimising its inventory mix and sales structure, strengthening its product selection and the efficiency of product allocation system, and capitalising on its enhanced digital capabilities and continued stringent expense controls, the Group experienced operational deleverage due to the scale of the sales decline. This, coupled with increased discounts within the promotional environment, impacted the Group’s profitability.

Notably, amid the sector’s highly competitive e-commerce landscape, the Group continued to enhance its omni-channel capabilities while maintaining a high degree of agility and flexibility in its decision-making, systematically developing its online presence. In addition to the Group’s continuously growing B2C public traffic domain, its private traffic domain performed particularly well, with livestreaming sales increasing by over 100%.

At the same time, the Group continued to focus on improving conversion rates within its directly operated brick-and-mortar (“B&M”) network and enhancing in-season full-price sales. This was achieved by dynamically managing its store portfolio and enhancing productivity and operational efficiency at the store level, while deepening engagement with consumers and the services provided to them. The Group also intensified and expanded its collaboration with brand and platform partners in ways that prioritised healthier and balanced sales, strengthened its membership programmes and inventory integration, and broadened its appeal to a wider consumer base.

Hybrid Channel Management – B&M

Amid the changing economic environment, the Group's retail network experienced a further slowdown in sales momentum, driven by weak foot traffic and a mid-teens percentage decline in same-store sales. Although the Group continued to diversify its geographic footprint with sub-distributors to achieve a balanced sales distribution across different city tiers, lower-tier cities also experienced sluggish foot traffic, substantially undermining the performance of its sub-distributors channels, which recorded significant quarter-on-quarter deterioration during the Period.

During the Period, the Group continued to progress its retail refinement strategy of selectively rightsizing or upgrading stores, boosting store-level productivity. It continued to adopt a holistic view towards new store openings, including for its existing brand portfolio and for new brands, optimising total investment returns by prioritising geographic regions that demonstrate an outstanding operating track record and convincing potential. New stores were only opened following thorough assessments that prioritise margins and business quality. As of June 30, 2025, the Group directly operated 3,408 stores across the Greater China region.

Movement of directly operated stores during the six months ended:

	June 30, 2025	June 30, 2024
At the beginning of the Period	3,448	3,523
Net decrease	(40)	(45)
At the end of the Period	3,408	3,478

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. During the Period, the Group continued to optimise its store formats and enhance its digital capabilities by integrating its Pan-WeChat Ecosphere, highly-integrated 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. During the Period, the Group further expanded its self-owned “YYQUALITY” – a multi-brand outlet store concept, offering consumers high-quality merchandise at great value, along with a one stop diverse shopping experience. More importantly, the Group conducted a review of regional operational structures and developed efficiency enhancement projects to optimise 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, utilising competitive pricing strategies to maximise sales volume to facilitate the clearance of slow-moving merchandise and support cash conversion efficiency.

The Group continued to strengthen its digital capabilities throughout the Period, leveraging a differentiated and multi-faceted operation matrix to further deepen its engagement with diverse shopping groups and enhance operational efficiency. The Group's online sales momentum, led by its public traffic domain's online multi-storefront model and Pan-WeChat Ecosphere, remained resilient. Omni-channel sales grew approximately 16% year-on-year, with its contribution to total sales rising to approximately 33% during the Period. This partly offset weak foot traffic within its B&M stores while supporting effective inventory management.

The Pan-WeChat Ecosphere continued to serve 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 also 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. It also continued to embed value-added services, diverse content, and member-exclusive benefits into the Pan-WeChat Ecosphere to achieve quality sales and more repeat purchases.

Enhanced Strategic Alliance with Business Partners

The Group further deepened its strategic partnerships with its business partners to provide an impeccable and diverse shopping experience, and enhance 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 integration with brand partners and expanding brand-authorised 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, optimising its inventory mix and accelerating sales cycles.

Strengthened Operational Excellence with Digital Transformation

During the Period, the Group continued to advance its core strategy of digital transformation, enhancing the integration and upgrade of its SAP system. Leveraging its multi-functional modules, the Group integrated and optimised its business and finance functions, and improved the efficiency of strategic decision-making at the management level. Through its further upgraded and fully integrated business intelligence platform, the Group is able to monitor all of its operations through digital cloud-based financial dashboards with enhanced efficiency. It is continuing to optimise other digital tools and dashboards to drive its retail excellence, particularly in areas such as real-time in-store efficiency, resource optimisation and membership services through digital empowerment.

Performance Analysis

Financial Review

During the Period, the Group recorded revenue of RMB9,159.4 million, representing a decrease of 8.3% compared with the same period of last year. Gross profit was RMB3,069.2 million, representing a decrease of 10.1% when compared to the same period of last year. Profit attributable to owners of the Company for the Period decreased by 44.1% to RMB187.6 million due to increased markdowns and operational deleverage.

Revenue

During the Period, the Group’s total revenue decreased by 8.3% to RMB9,159.4 million amid an increasingly dynamic retail environment, with volatile foot traffic and a quarter-over-quarter deterioration in sub-distributors channel hindering overall sales, despite the relatively resilient performance of its omni-channels.

Gross Profit

The Group’s gross profit during the Period amounted to RMB3,069.2 million. Despite its efforts to optimise inventory mix and sales structure, the Group’s gross profit margin decreased by 0.7 percentage point to 33.5% due to aggressive promotions across the retail industry and increased average markdowns.

Selling & Distribution Expenses and Administrative Expenses

The Group's selling and distribution expenses during the Period were RMB2,508.4 million (first half of 2024: RMB2,672.2 million), accounting for 27.4% of the Group's revenue (first half of 2024: 26.8%). 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 during the Period were RMB381.9 million (first half of 2024: RMB379.6 million), accounting for 4.2% of the Group's revenue (first half of 2024: 3.8%). 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 during the Period were RMB2,890.3 million, a decrease of 5.3% year-on-year. This was equivalent to 31.6% of total revenue, with the savings accruing from the active management of rentals and people efficiency.

Operating Profit

The Group's operating profit during the Period was RMB281.6 million, a decrease of 41.6%. The operating margin was 3.1%, a decrease of 1.7 percentage points year-on-year, thanks to the Group's cost-reduction and efficiency-improvement efforts that partially offset operating deleverage.

Finance Income and Finance Costs

Finance income during the Period was RMB21.6 million, compared to RMB27.7 million in the first half of 2024. Finance costs during the Period decreased by 20.6% to RMB28.1 million, compared to RMB35.4 million in the first half of 2024. This reduction was mainly attributed to a decrease in interest expenses on lease liabilities.

Profit for the Period

During the Period, the Group recorded a net profit of RMB200.1 million, while profit attributable to owners of the Company was RMB187.6 million. The margin of profit attributable to owners of the Company was 2.0%, representing a decrease of 1.4 percentage points year-on-year.

Working Capital Efficiency

The average inventory turnover period for the Period was 146 days (first half of 2024: 130 days). At the end of the Period, inventory aged over 12 months represented less than 10% of total inventory, reflecting the Group's successful efforts to maintain healthy inventory levels and enhance inventory efficiency. The balance of inventory as at June 30, 2025 was RMB4,865.4 million, a decrease from RMB4,946.3 million as at December 31, 2024. The average trade receivables turnover period was 19 days (first half of 2024: 18 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 during the Period was 25 days (first half of 2024: 32 days).

Liquidity and Financial Resources

As at June 30, 2025, 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 RMB2,694.1 million (December 31, 2024: RMB2,703.4 million) while working capital (current assets minus current liabilities) was RMB6,416.6 million (December 31, 2024: RMB6,153.8 million). Total bank borrowings were RMB196.8 million (December 31, 2024: RMB39.3 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. As of June 30, 2025, all of the Group's bank loans bore interest at fixed rates.

The Group's gearing ratio as of June 30, 2025, represented by total interest-bearing borrowings (excluding lease liabilities) as a percentage of total equity, was 2.2% (December 31, 2024: 0.4%). The Group maintained a solid net cash position (bank balances and cash minus bank borrowings) of RMB2,497.4 million (December 31, 2024: RMB2,664.1 million).

The net cash generated from operating activities during the Period was RMB399.3 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 during the Period was RMB273.7 million, while the net cash used in financing activities was RMB315.3 million.

Capital Expenditure

The Group maintained its selective and prudent approach to capital expenditure planning, focused on areas including: the strategic opening of new stores; the ongoing upgrade of experience-driven B&M stores that offer a better shopping experience; store productivity improvements; and the further roll-out of its long-term digital transformation strategy, namely the optimisation of its SAP ERP system. Total capital expenditure during the Period decreased to RMB119.4 million (first half of 2024: RMB190.8 million). As at June 30, 2025, the Group had no material contingent liabilities.

As at June 30, 2025, capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements was RMB23.5 million (December 31, 2024: RMB17.0 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 5 years (December 31, 2024: 1 to 6 years), with the total future undiscounted cash flows over the non-cancellable period amounting to RMB18.3 million (December 31, 2024: RMB41.0 million).

Foreign Exchange

The Group conducts its business primarily in the Greater China region and the majority of its transactions are denominated in Renminbi. As at June 30, 2025, the Group had no 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 its exposure to financial derivatives-related risk. The use of financial derivatives and approval procedures would be in accordance with the Group's internal policies and guidelines.

PROSPECTS AND FUTURE DEVELOPMENTS

The Group remains committed 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. However, both scale of the sales and profitability will remain under short-term pressure amid the highly dynamic and promotional retail environment across Greater China.

The Group remains focused on implementing its retail refinement strategy, delivering a digitally enhanced and superior customer experience. At the same time, it will continue to strategically restructure its organisation and optimise its geographic operational structures, while dynamically managing its B&M and omni-channel presence.

By staying attuned to market trends, broadening its reach across sports product categories and embracing innovative formats, the Group will further enhance its competitiveness and provide diverse, engaging retail experiences. This includes strengthening its self-owned “YYQUALITY” stores – a multi-brand outlet concept strategy, serving as a highly efficient inventory clearance channel and functioning as a platform for incubating new brands, while offering consumers high-quality channel branded merchandise at great value. The Group is also strengthening its exposure to segmented categories, promoting vertical market operations to boost contributions from new brands. This includes the continued scale-up of popular Korean yoga brand XEXYMIX for which the Group is the sole distributor in mainland China, leveraging a multi-faceted online and offline operation matrix and the endorsement of popular celebrity Song Yuqi to expand its presence in the growing yoga category. The Group will also accelerate the launch of mono-brand stores for Crocs and Pony 1972, while targeting the outdoor segment with Dynafit to capture growth opportunities.

By staying responsive to evolving consumer needs and preferences, the Group will continue to strengthen its public and private engagement channels within its omni-channel ecosystem. This includes enhancing product selection and stock building, integrating inventory within Douyin live-streams, and adopting an online multi-storefront model to expand its public traffic domain footprint. In the private traffic domain, the Group will capitalise on instant retail opportunities by intelligently matching products with stores to enable efficient delivery. It will also employ a multifaceted approach– such as further progressing Xiaohongshu “grass-planting” marketing initiatives and seamlessly integrating its offline presence with the online community– to optimise online contribution and profitability.

The Group will continue to broaden its strategic partnerships with business associates by deepening collaboration in inventory sharing and mutually-connected membership programmes with brand partners, which enable consumers to enjoy the same premium, member-exclusive products, offers and experiences found in the directly operated stores of these brands in the Greater China region. It will also continue expanding its YYsports Douyin presence in partnership with selected brands to further enhance this ecosystem. These authorised Douyin stores, which are quickly incubated by experienced teams and create popular product assortments, serve as high-quality, revenue-generating channels.

Simultaneously, the Group will continue to advance the integration and optimisation of its SAP system by leveraging its multi-functional modular capabilities and integrated business and financial operations to enable efficient decision-making. The Group will also leverage its upgraded business intelligence platforms to enable the real-time monitoring of its overall operations through cloud-based financial dashboards and other digital empowerment tools. 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 challenges and uncertainties, the prospects for the sports industry in the Greater China region remain bright, with the industry set to grow to RMB5 trillion in value in 2025, with mainland Chinese authorities remaining committed to high-quality sports development. Notably, the outdoor sports industry alone is projected to surpass RMB3 trillion by 2025. Sportswear consumption growth will be further bolstered, particularly in vertical and female sportswear segments, by the upcoming 2025 World Games set to be held in Chengdu in September, as well as other upcoming major global events, including the 2025 Women's Rugby World Cup, the 2026 Winter Olympics and Paralympics, and the 2026 FIFA World Cup. These above trends will continue to drive the Group's sustainable growth momentum and strengthen its long-term operating performance and profitability.

HUMAN RESOURCES

As at June 30, 2025, the Group had approximately 19,200 employees in total. The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. The Company offers share awards to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, the Group provides other fringe benefits, such as social insurance, mandatory provident funds, medical coverage and training 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 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 six months ended June 30, 2025, no share awards were granted, 2,880,000 share awards lapsed or were cancelled and no share awards were vested under the Share Award Scheme. As at June 30, 2025, an aggregate of 19,200,000 share awards which are subject to certain vesting conditions, remain unvested.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.0115 in cash per Share for the six months ended June 30, 2025 (six months ended June 30, 2024: interim dividend of HK\$0.02 per Share). In addition to the interim dividend, to reward the Shareholders' continued support, the Board has resolved to declare a special dividend of HK\$0.0115 in cash per Share (six months ended June 30, 2024: special dividend of HK\$0.02 per Share), bringing the total dividends declared for the Period to HK\$0.0230 per Share, representing a payout ratio of 60%. The interim dividend and special dividend will be paid on Thursday, October 9, 2025 to the Shareholders whose names appear on the Register of Members on Tuesday, September 16, 2025.

CLOSURE OR REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, September 16, 2025 to Thursday, September 18, 2025, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the interim dividend and special dividend, 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, September 15, 2025. The record date for entitlement to the interim dividend and special dividend will be Tuesday, September 16, 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the its listed securities (including sale of treasury shares as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")). As at June 30, 2025, the Company did not hold any treasury shares whether in the Central Clearing and Settlement System, or otherwise.

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, 2025, the interim report, the accounting principles and practices adopted by the Group and has discussed risk management, internal controls, and financial reporting matters.

Deloitte Touche Tohmatsu, certified public accountants and the independent auditor of the Company, has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2025 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA.

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 Listing Rules throughout the six months ended June 30, 2025.

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 six months ended June 30, 2025.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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 2025 interim 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 period.

By Order of the Board
Chiu, Hui-Yao
Chairman

Hong Kong, August 11, 2025

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

Non-executive Directors

Mr. Chiu, Hui-Yao (Chairman), Ms. Tsai Patty, Pei Chun and Mr. Li I-nan

Executive Directors

Mr. Hu, Chia-Ho, Ms. Chang, Su-Ching (Chief Executive Officer) and Mr. Chen, Li-Chieh (Chief Financial Officer)

Independent Non-executive Directors

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

Website: www.pousheng.com