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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, 2025

THE GROUP'S FINANCIAL HIGHLIGHTS			
Financial performance	For the year ended December 31,		Change
	2025	2024	
	RMB'000	RMB'000	
Revenue	17,132,127	18,453,923	-7.2%
Gross profit	5,735,638	6,308,950	-9.1%
Operating profit	361,574	709,226	-49.0%
Profit attributable to owners of the Company	210,771	491,497	-57.1%
Gross profit margin (%)	33.5%	34.2%	-0.7 ppt
Operating profit margin (%)	2.1%	3.8%	-1.7 ppt
Basic earnings per share (RMB cents)	4.06	9.48	-57.2%
Dividend per share			
Interim dividend, paid (HK\$)	0.0115	0.02	-42.5%
Special dividend, paid (HK\$)	0.0115	0.02	-42.5%
Final dividend, proposed (HK\$)	0.002	0.01	-80.0%
Special dividend, proposed (HK\$)	0.002	0.01	-80.0%
Financial position	As at December 31,		
	2025	2024	
	RMB'000	RMB'000	
Inventories	5,020,147	4,946,314	1.5%
Trade and other receivables	2,094,184	2,124,515	-1.4%
Cash and cash equivalents	640,441	1,419,052	-54.9%
Bank borrowings	-	39,273	-100.0%

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, 2025 with comparative figures for the corresponding year in 2024 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Revenue	3	17,132,127	18,453,923
Cost of sales		(11,396,489)	(12,144,973)
Gross profit		5,735,638	6,308,950
Other operating income and gains (losses)		214,925	288,027
Selling and distribution expenses		(4,852,009)	(5,136,105)
Administrative expenses		(736,980)	(751,646)
Operating profit		361,574	709,226
Finance costs		(53,974)	(67,796)
Finance income		37,549	49,978
Other gains (losses)	4	(16,425) (5,048)	(17,818) (3,200)
Profit before taxation		340,101	688,208
Income tax expense	5	(110,785)	(190,386)
Profit for the year	6	229,316	497,822
Attributable to:			
Owners of the Company		210,771	491,497
Non-controlling interests		18,545	6,325
		229,316	497,822
Earnings per share	8		
– Basic		RMB4.06 cents	RMB9.48 cents
– Diluted		RMB4.05 cents	RMB9.47 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year	229,316	497,822
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	<u>(657)</u>	<u>3,240</u>
Other comprehensive (expense) income for the year	<u>(1,373)</u>	<u>4,496</u>
Total comprehensive income for the year	<u>227,943</u>	<u>502,318</u>
Attributable to:		
Owners of the Company	209,398	495,993
Non-controlling interests	<u>18,545</u>	<u>6,325</u>
	<u>227,943</u>	<u>502,318</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current assets			
Investment properties		120,700	126,500
Property, plant and equipment		689,212	786,134
Right-of-use assets		1,106,919	1,398,364
Deposits paid for acquisition of property, plant and equipment		38,518	47,981
Rental deposits		94,208	109,213
Intangible assets		99,623	96,158
Goodwill		522,163	522,163
Interests in joint ventures		–	–
Equity instrument at fair value through other comprehensive income		2,508	3,088
Other financial assets at amortised cost		49,734	–
Bank deposits over three months		527,840	437,840
Deferred tax assets		145,752	102,826
		<u>3,397,177</u>	<u>3,630,267</u>
Current assets			
Inventories		5,020,147	4,946,314
Trade and other receivables	9	2,094,184	2,124,515
Taxation recoverable		34,752	71,232
Financial assets at fair value through profit or loss		220,581	–
Bank deposits over three months		653,627	846,510
Cash and cash equivalents		640,441	1,419,052
		<u>8,663,732</u>	<u>9,407,623</u>

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Current liabilities			
Trade and other payables	10	1,739,264	2,349,583
Contract liabilities		249,788	314,030
Taxation payable		8,130	12,396
Bank borrowings		–	39,273
Lease liabilities		487,688	538,548
		<u>2,484,870</u>	<u>3,253,830</u>
Net current assets		<u>6,178,862</u>	<u>6,153,793</u>
Total assets less current liabilities		<u>9,576,039</u>	<u>9,784,060</u>
Non-current liabilities			
Deferred tax liabilities		19,656	21,293
Lease liabilities		654,532	891,971
		<u>674,188</u>	<u>913,264</u>
Net assets		<u>8,901,851</u>	<u>8,870,796</u>
Capital and reserves			
Share capital		46,438	46,438
Reserves		8,740,557	8,728,047
		<u>8,786,995</u>	<u>8,774,485</u>
Equity attributable to owners of the Company		114,856	96,311
Non-controlling interests		<u>8,901,851</u>	<u>8,870,796</u>
Total equity		<u>8,901,851</u>	<u>8,870,796</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 incorporated in Taiwan and 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 HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after January 1, 2025 for the preparation of the Group’s consolidated financial statements:

Amendments to HKAS 21 Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard 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:

	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Sales of sportswear and footwear products	17,031,462	18,342,410
Commissions from concessionaire sales	<u>100,665</u>	<u>111,513</u>
	<u><u>17,132,127</u></u>	<u><u>18,453,923</u></u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Fair value gain on financial assets at fair value through profit or loss	752	–
Fair value changes on investment properties	<u>(5,800)</u>	<u>(3,200)</u>
	<u>(5,048)</u>	<u>(3,200)</u>

5. INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Taxation attributable to the Company and its subsidiaries:		
People's Republic of China ("PRC")		
Enterprise Income Tax ("EIT")		
– Current year	151,214	183,834
– Overprovision in prior years	(24,866)	(14,460)
Withholding tax on dividend	<u>29,000</u>	<u>15,254</u>
Current tax charge	155,348	184,628
Deferred tax (credit) charge	<u>(44,563)</u>	<u>5,758</u>
	<u>110,785</u>	<u>190,386</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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' and the chief executives' emoluments	5,261	4,921
Retirement benefit scheme contributions, excluding directors and the chief executives	345,007	337,424
Equity-settled share-based payments, excluding directors and the chief executives	6,428	3,673
Other staff costs	<u>1,688,191</u>	<u>1,804,779</u>
Total staff costs	<u>2,044,887</u>	<u>2,150,797</u>
Auditor's remuneration	5,626	5,896
Depreciation of property, plant and equipment	306,690	324,456
Depreciation of right-of-use assets	645,988	758,336
Amortisation of intangible assets (included in selling and distribution expenses)	14,031	11,393
Impairment loss on right-of-use assets (included in selling and distribution expenses)	22,618	–
Gross rental income from investment properties, net of direct expenses	(5,482)	(5,736)
Net changes in allowance for inventories	<u>(12,850)</u>	<u>(16,556)</u>

For the years ended December 31, 2025 and 2024, 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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Dividend recognised as distribution during the year:		
2024 final dividend of HK\$0.01 per share (2024: 2023 final dividend of HK\$0.012 per share)	47,368	56,652
2024 special dividend of HK\$0.01 per share (2024: nil)	47,368	–
2025 interim dividend of HK\$0.0115 per share (2024: 2024 interim dividend of HK\$0.02 per share)	54,522	93,486
2025 special dividend of HK\$0.0115 per share (2024: 2024 special dividend of HK\$0.02 per share)	<u>54,522</u>	<u>93,486</u>
	<u>203,780</u>	<u>243,624</u>

Subsequent to the end of the reporting period, a final dividend of HK\$0.002 per share (2024: HK\$0.01 per share) and a special dividend of HK\$0.002 per share (2024: HK\$0.01 per share) in respect of the year ended December 31, 2025 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 2, 2026.

The proposed final dividend and special dividend are subject to approval by the Shareholders at the forthcoming 2026 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:

	2025	2024
	<i>RMB'000</i>	<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	210,771	491,497
	2025	2024
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,187,136,088	5,182,147,102
Effect of dilutive potential ordinary shares:		
– unvested awarded shares	12,094,416	6,830,008
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,199,230,504	5,188,977,110

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, 2025 did not consider the effect arising from the unvested awarded shares granted that otherwise 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 RMB815,681,000 (2024: RMB973,701,000). 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 – 30 days	807,770	955,328
31 – 90 days	7,911	18,373
	815,681	973,701

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of RMB527,903,000 (2024: RMB971,990,000). 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 – 30 days	517,127	954,011
31 – 90 days	3,577	12,968
Over 90 days	7,199	5,011
	527,903	971,990

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 Environment

In 2025, mainland China's retail landscape remained dynamic, with promotions becoming the norm, offline foot traffic continuing to decline, and consumers becoming increasingly deliberate in their purchasing decisions. Driven by the expanding use of AI across multiple aspects of live streaming and the rapid rise of instant retail – which catered to the rising demand for convenience – online retail remains the industry's growth engine, fuelling ever more intense market competition. Despite this, overall consumption strengthened, supported in part by the broader rollout of “trade-in” policies. According to the National Bureau of Statistics of China, mainland China's gross domestic product grew by 5.0% year-on-year in 2025, with total retail sales of consumer goods rising by 3.7% year-on-year. However, the growth rates reflected in these economic readings slowed progressively quarter by quarter in the second half of the year. At the same time, the footwear and apparel markets were not among the direct beneficiaries, with sales growth lagging behind overall consumption.

Overall, the mainland China market experienced subdued consumer confidence and elevated industry inventory levels, leading to aggressive promotional activity and impacting the Group's top-line performance. The Group responded to these market conditions by dynamically adjusting its promotion strategy, allocating product resources more efficiently, and capitalising on sales momentum during major festival promotion events on online platforms to mitigate its weak retail performance. Despite ongoing efforts in rigorous inventory management, inventory mix optimisation, digital capabilities enhancement, stringent expense control and organisational adjustment efforts, the Group experienced operational deleverage due to intense discount pressures and a decline in sales scale, significantly constrained the Group's profitability.

To position itself optimally for long-term growth and sustainable value creation, the Group progressively streamlined its operating structure by integrating its physical regional operations and consolidating them into two functionally aligned departments, responsible for online and offline business management respectively – thereby strengthening its integrated, group-wide operational management. Leveraging its restructuring strategy to enhance synergies, the Group's digital sales momentum remained solid as it continued to enhance its online channels capabilities in mainland China's highly competitive e-commerce market, while maintaining a high degree of agility and flexibility in its decision-making and systematically developing its online presence. The performance of the Group's multiple e-commerce platforms was satisfactory, with livestreaming sales increasing by over 70% in 2025.

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 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. Despite the Group’s efforts 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-distributor channels.

In 2025, the Group continued to progress its retail refinement strategy of selectively rightsizing or upgrading stores, improving cost competitiveness, while 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 December 31, 2025, the Group directly operated 3,310 stores across the Greater China region.

Movement of directly operated stores during the year ended:

	December 31, 2025	December 31, 2024
At the beginning of the year	3,448	3,523
Net decrease	(138)	(75)
	<hr/>	<hr/>
At the end of the year	<u>3,310</u>	<u>3,448</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 2025, 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. In 2025, 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 – Online channels

In 2025, the Group further strengthened its digital capabilities by leveraging a differentiated and multi-faceted operation matrix to deepen its engagement with diverse shopping groups, while enhancing operational efficiency. Digital sales momentum remained resilient, led by its online multi-storefront model and Pan-WeChat Ecosphere, with its contribution to total sales rising to over 30%. This partly offset weak foot traffic in the Group's B&M stores and supported more effective inventory management.

In addition, the Pan-WeChat Ecosphere continued to operate 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 higher-quality sales and encourage more repeat purchases.

Enhanced Strategic Alliances with Business Partners

The Group continued to deepen its strategic partnerships with its business partners to provide an impeccable and diverse shopping experience and strengthen 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-authorized Douyin accounts.

Moreover, the Group continued to reinforce its product-sharing platform (“PSP”) and further improve its efficiency in product allocation and logistics management. It also expanded 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

In 2025, the Group advanced its digital transformation agenda by further deepening the integration and upgrade of its SAP system. Leveraging its multi-functional modules, the Group integrated and optimised its business and finance functions, while improving 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

In 2025, the Group recorded revenue of RMB17,132.1 million, representing a decrease of 7.2% compared with 2024. Gross profit was RMB5,735.6 million, representing a decrease of 9.1% compared with 2024. Profit attributable to owners of the Company in 2025 decreased by 57.1% to RMB210.8 million, due to increased markdowns and operational deleverage.

Revenue

In 2025, the Group’s total revenue decreased by 7.2% to RMB17,132.1 million, primarily due to volatile foot traffic across regions amid an increasingly dynamic retail environment in mainland China. This included a substantial decline in offline direct-retail and sub-distributor channels compared with 2024, hindering overall sales and partially offset by the relatively resilient performance of its online channels.

Gross Profit

The Group's gross profit in 2025 amounted to RMB5,735.6 million. Despite its efforts to optimise inventory mix, the Group's gross profit margin decreased by 0.7 percentage points to 33.5% due to aggressive promotions across the retail industry and increased average mark-downs.

Selling & Distribution Expenses and Administrative Expenses

The Group's selling and distribution expenses in 2025 were RMB4,852.0 million (2024: RMB5,136.1 million), accounting for 28.3% of the Group's revenue (2024: 27.8%). 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 in 2025 were RMB737.0 million (2024: RMB751.6 million), accounting for 4.3% of the Group's revenue (2024: 4.1%). 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 2025 were RMB5,589.0 million, a decrease of 5.1% compared to 2024. This was equivalent to 32.6% of total revenue, with the savings accruing from the active management of rentals and people efficiency.

Operating Profit

The Group's operating profit in 2025 was RMB361.6 million, a decrease of 49.0%. The operating margin was 2.1%, 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 Cost

Finance income in 2025 was RMB37.5 million, compared to RMB50.0 million in 2024. Finance costs during the year decreased by 20.4% to RMB54.0 million, compared to RMB67.8 million in 2024. This reduction was mainly attributed to a decrease in interest expenses on lease liabilities.

Profit for the Year

The Group's net profit for the year was RMB229.3 million, while profit attributable to owners of the Company was RMB210.8 million. The margin of profit attributable to owners of the company was 1.2%, representing a decrease of 1.5 percentage points year-on-year.

Working Capital Efficiency

The average inventory turnover period in 2025 was 160 days (2024: 145 days). At the end year, inventory aged over 12 months represented less than 7% 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, 2025 was RMB5,020.1 million (December 31, 2024: RMB4,946.3 million). The average trade receivables turnover period in 2025 was 19 days (2024: 19 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 2025 was 24 days (2024: 34 days).

Liquidity and Financial Resources

As at December 31, 2025, the Group maintained a solid financial position, with bank balances and cash (which consist of bank deposits over three months and cash and cash equivalents) amounting to RMB1,821.9 million (December 31, 2024: RMB2,703.4 million) while working capital (current assets minus current liabilities) was RMB6,178.9 million (December 31, 2024: RMB6,153.8 million). As at December 31, 2025, the Group had no bank borrowings (December 31, 2024: RMB39.3 million). Bank balances and cash and bank borrowings were mainly denominated in Renminbi.

The Group's gearing ratio as of December 31, 2025, represented by total interest-bearing borrowings (excluding lease liabilities) as a percentage of total equity, was nil (December 31, 2024: 0.4%). The Group maintained a solid net cash position (bank balances and cash minus bank borrowings) of RMB1,821.9 million (December 31, 2024: RMB2,664.1 million).

The net cash generated from operating activities in 2025 was RMB551.0 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 2025 was RMB372.2 million, while the net cash used in financing activities was RMB958.6 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 in 2025 decreased to RMB243.4 million (2024: RMB371.4 million). As at December 31, 2025, the Group had no material contingent liabilities.

As at December 31, 2025, capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements was RMB13.3 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 3 years (December 31, 2024: 1 to 6 years), with the total future undiscounted cash flows over the non-cancellable period amounting to RMB11.9 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 December 31, 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 was in accordance with the Group's internal policies and guidelines.

PROSPECTS AND FUTURE DEVELOPMENTS

According to “The Road to 2026: Ten Key Trends in China’s Consumer Retail Market” by Nielsen IQ, Chinese consumers are increasingly embracing more rational consumption behaviours. They are prioritising a dual equilibrium between price and quality, while also demonstrating a growing willingness to pay for products and services that provide distinct emotional value. The “Instant Retail Industry Development Report 2025” released by the Chinese Academy of International Trade and Economic Cooperation predicts that the scale of instant retail in mainland China will exceed RMB1 trillion by 2026 and is projected to reach RMB2 trillion by 2030. Instant retail and penetration into lower-tier markets have emerged as growth drivers. In response, the Group remains firmly committed to operational excellence and the advancement of its digital transformation strategy. It will continue to strengthen its business portfolio, diversify its channel mix, enhance operational efficiency, and maintain its strategic approach to dynamic inventory management to build fully integrated, one-stop retail operations.

Offline, the Group will continue to advance its retail refinement strategy, elevating the customer journey by offering digitally enhanced and superior in-store experiences. Concurrently, it will continue to dynamically manage and integrate its B&M and online channels footprint, stay closely aligned with market trends, broaden its presence across a wider range of sports categories and adopt innovative retail formats. A key pillar of this approach is the accelerated capture of the fast-growing outdoor segment, through leveraging Dynafit with outdoor vertical stores and a direct-operated online stores

network. The Group has also launched several mono-brand stores for Pony 1972, appointing popular celebrity Ren Jialun as brand ambassador and expanding its presence in the casual outdoor segment by bolstering its footprint in its online and franchise network. At the same time, the Group leverages its existing high-quality and promising brands to explore segmented markets and further enhance its brand matrix. The Group will continue to enhance its self-owned multi-brand YYQUALITY outlets – now expanded to 10 stores – to serve as both a highly efficient inventory-clearance channel and an incubation platform for emerging brands, while offering consumers high-quality merchandise at exceptional value. In addition, the Group is optimising its strategy to develop multi-brand urban outlet store network. Working closely with franchise partners, this initiative will deepen the Group’s penetration and reach in lower-tier cities.

Online, the Group will remain attuned with evolving consumer needs and preferences, strengthening its online channels capabilities. This includes further optimising the operational structure of its Douyin livestreaming teams, enhancing its online multi-storefront model, integrating inventory within Douyin livestreams, and continuing to refine product selection and stock planning, while accelerating time-to-market for new products. The Group plans to drive greater efficiency by consolidating its multiple regional WeChat stores into a single national store. It will also pursue a multifaceted approach – advancing Xiaohongshu “grass-planting”, the content-driven e-commerce marketing initiatives and in-house livestreaming, and more tightly linking its offline presence with the online community – to optimise online profitability. It will also continue to capitalise on instant retail opportunities through intelligent product-to-store matching for faster fulfilment and efficient delivery. In addition, the Group will also seek to increase the online sales contribution of Korean yoga brand XEXYMIX, for which it is the sole distributor in mainland China, by activating its existing retail network and by leveraging a multi-faceted online operation matrix.

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 and serve as high-quality, revenue-generating channels with popular product assortments.

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, supported by the ongoing commitment of mainland Chinese authorities to high-quality sports development and with the industry's projected expansion to over RMB7 trillion in value in 2030. Sportswear consumption growth will be further bolstered by upcoming global events such as the Winter Olympic Games and FIFA World Cup. These trends will continue to drive the Group's sustainable growth momentum and strengthen its long-term operating performance, thereby safeguarding its dividend-paying capacity.

HUMAN RESOURCES

As at December 31, 2025, the Group had approximately 18,100 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.

ANNUAL GENERAL MEETING

The forthcoming 2026 annual general meeting of the Company will be held on Friday, May 22, 2026 (the “2026 AGM”). Notice of the 2026 AGM will be published and issued to the Shareholders in due course.

DIVIDENDS

During the year, an interim dividend of HK\$0.0115 and a special 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 and a special dividend of HK\$0.02 per share) were paid to the Shareholders on October 9, 2025, amounting to approximately HK\$122.5 million (six months ended June 30, 2024: HK\$213.0 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, 2025 of HK\$0.002 and HK\$0.002 in cash per share respectively (2024: final dividend of HK\$0.01 per share and a special dividend of HK\$0.01 per share) to the Shareholders whose names appear on the Register of Members on Tuesday, June 2, 2026, amounting to approximately HK\$21.3 million (2024: HK\$106.5 million), subject to the approval by the Shareholders at the 2026 AGM. As a result, the full-year dividend for 2025 will amount to HK\$0.027 per share (2024: HK\$0.06 per share), representing a payout ratio of 60% (2024: 60%).

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2026 AGM

For the purpose of ascertaining entitlement to attend and vote at the 2026 AGM (the “Entitlement to 2026 AGM”), the Register of Members will be closed from Tuesday, May 19, 2026 to Friday, May 22, 2026, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the 2026 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 18, 2026. The record date for Entitlement to 2026 AGM will be on Friday, May 22, 2026.

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 2, 2026 to Friday, June 5, 2026, 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 23, 2026, 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 1, 2026. Dividend warrants will be despatched on Tuesday, June 23, 2026. The record date for Entitlement to Final Dividend and Special Dividend will be Tuesday, June 2, 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2025 and up to the date of this announcement, the Company bought back a total of 4,947,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for an aggregate consideration of HK\$2,386,950 (before expenses). All the shares bought back have not yet been cancelled. As at December 31, 2025, the total number of shares in issue was 5,326,179,615.

Particulars of the share buy-backs are as follows:

Date	Number of shares bought back	Purchase price per share		Aggregate consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2, 2026	90,000	0.470	–	42,300
January 5, 2026	560,000	0.475	0.470	265,075
January 6, 2026	447,000	0.475	–	212,325
January 9, 2026	3,850,000	0.485	–	1,867,250
	<u>4,947,000</u>			<u>2,386,950</u>

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). As at December 31, 2025 and up to the date of this announcement, 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 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, 2025, 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, 2025, consolidated income statement and consolidated statement of comprehensive income for the year ended December 31, 2025, and the related notes thereto as set out in this announcement have been agreed by the Group’s auditor, 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, 2026. The work performed by the Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the 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 Listing Rules throughout the year ended December 31, 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 year ended December 31, 2025.

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 2025 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
Chiu, Hui-Yao
Chairman

Hong Kong, March 11, 2026

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