

POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號:3813)



ANNUAL REPORT 年報 2025



MAKE SPORTS YOUR LIFE



OUR VISION

Make sports your life!

OUR MISSION

**Discover
your persistent
passion for sports by providing
convenient and fun sports experiences
via unique channels full of quality
services and products you can
access everyday.**





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CORPORATE OVERVIEW





CORPORATE OVERVIEW

THE GROUP'S FINANCIAL HIGHLIGHTS

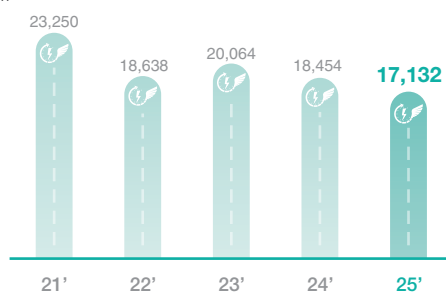
Financial performance	For the year ended December 31,		Change
	2025 RMB'000	2024 RMB'000	
Revenue	17,132,127	18,453,923	-7.2%
Gross profit	5,735,638	6,308,950	-9.1%
Operating profit	361,574	709,226	-49.0%
Profit attributable to owners of the Company	210,771	491,497	-57.1%
Gross profit margin (%)	33.5%	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,		Change
	2025 RMB'000	2024 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%

KEY SHAREHOLDER VALUE INDICES

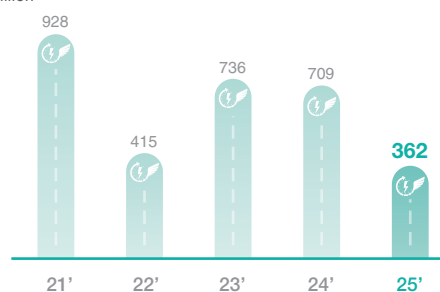
Revenue

RMB million



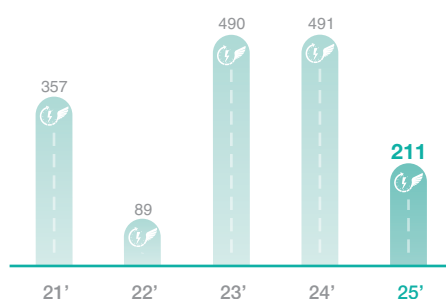
Operating Profit

RMB million



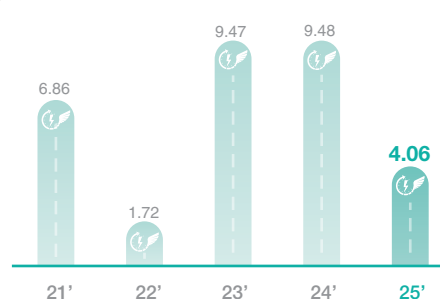
Profit Attributable to Owners of the Company

RMB million



Basic Earnings Per Share

RMB cent





CORPORATE INFORMATION

(As of March 11, 2026)

DIRECTORS

Non-executive Directors

Chiu, Hui-Yao (Chairman)
Tsai Patty, Pei Chun
Li I-nan

Executive Directors

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

Independent Non-executive Directors

Chen, Huan-Chung
Feng Lei Ming
Liu, Hsi-Liang

AUDIT COMMITTEE

Chen, Huan-Chung (Chairman)
Tsai Patty, Pei Chun
Feng Lei Ming

REMUNERATION COMMITTEE

Liu, Hsi-Liang (Chairman)
Chen, Huan-Chung
Li I-nan

NOMINATION COMMITTEE

Feng Lei Ming (Chairman)
Chen, Huan-Chung
Chang, Su-Ching

DISCLOSURE COMMITTEE

Hu, Chia-Ho (Chairman)
Chen, Li-Chieh

AUTHORISED REPRESENTATIVES

Chen, Li-Chieh
Yip Wing Ming

COMPANY SECRETARY

Yip Wing Ming

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

22nd Floor, C-Bons International Center
108 Wai Yip Street, Kwun Tong
Kowloon, Hong Kong

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Investor Services
(Bermuda) Limited
5 Reid Street, PO Box HM 1475
Hamilton HM FX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor Hopewell Centre
183 Queen's Road East Wanchai
Hong Kong

PRINCIPAL BANKERS

Australia and New Zealand Bank (China)
Company Limited
Australia and New Zealand Banking Group
Limited
Bank SinoPac
Citibank (China) Co., Limited
Industrial and Commercial Bank of China Limited
Mizuho Bank (China), Limited
Mizuho Bank, Limited
Standard Chartered Bank (China) Limited
Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank (Taiwan) Limited
Taipei Fubon Commercial Bank Company Limited
Taishin International Bank Company Limited

WEBSITE

www.pousheng.com

STOCK CODE

3813



CHAIRMAN'S STATEMENT





CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual results of Pou Sheng International (Holdings) Limited (the “Company” and together with its subsidiaries, the “Group”) for the financial year ended December 31, 2025, to the shareholders of the Company (the “Shareholders”).

In 2025, retail sales in mainland China surpassed RMB50 trillion, underscoring the remarkable resilience of domestic demand. This momentum was primarily underpinned by government-driven stimulus, most notably the “trade-in” programme for consumer goods, which bolstered demand for durable goods such as cars, household appliances and consumer electronics. Despite this, the operating environment for sportswear, apparel and footwear retailers remained complex and dynamic. The slowdown in consumer sentiment led to elevated inventory levels, making discounting an increasingly structural and routine strategy and a necessary lever to drive store traffic. This mixed consumption landscape continued to challenge our business and impacted our top-line performance and profitability in 2025.

With short-term market demand expected to remain volatile, we have swiftly deployed forward-looking and flexible strategies to effectively mitigate the impact of external uncertainties and position ourselves optimally for the future. This includes further optimising our organisational structure and strengthening our business portfolio to align with new retail trends. We are adopting a holistic approach to resource allocation to navigate both market opportunities and challenges, while steadily enhancing our operational management capabilities. These initiatives will protect and expand our competitive advantages in a fast-evolving market landscape, enabling us to advance toward a more efficient, integrated one-stop retail footprint.

We also focused on enhancing our online channels capabilities, deepening the operational competencies and the high-quality revenue streams we have built in recent years. In addition to advancing our online multi-storefront model, we accelerated content-driven e-commerce initiatives. This included heightened the efficiency of its operations by YYsports Douyin live-streams conducted by designated Key Opinion Staff and influencers, and our authorised Douyin mono-brand stores for brand partners. Coupled with Xiaohongshu “grass-planting” marketing, these efforts further streamlined the connection between our offline presence and the online community, allowing us to build a multi-faceted online channels matrix. In 2025, our online channels again demonstrated its resilience, with digital sales rising to account for over 30% of total revenue.

In response to the ongoing decline in offline footfall, we are continuing to review our regional operational structures and advancing efficiency enhancement projects to optimise store entry and transaction rates across our store network, and to drive more repeat purchases and higher-margin in-season sales. With consumer demand for immediacy, scarcity and interactive experiences continuing to rise amid the rapid rise of hybrid retail models – including livestream e-commerce and instant retail – seamless online-offline integration has become a central priority for the retail industry. We are actively optimising our brick-and-mortar (“B&M”) stores and online channels footprint, evolving our store formats, and deploying intelligent product-to-store matching to transform our B&M locations into instant fulfilment hubs to capture the demand for instant retail.



CHAIRMAN'S STATEMENT

At the same time, we were enhancing our penetration in lower-tier cities across mainland China where commercially feasible, actively broadening and diversifying our presence across promising segmented markets and incubating new brands. This effort includes strengthening our position in the yoga segment with Korean brand XEXYMIX, as well as extending our professional outdoor and casual outdoor footprint with brands such as Dynafit and Pony 1972. Additionally, we have developed channels for high-quality and value-for-money merchandise through our self-owned one-stop YYQUALITY multi-brand outlets, which has also boosted out high-efficiency inventory-clearance capabilities.

We maintained our solid financial strength through our holistic and disciplined approach to channel planning and inventory management. The Board has recommended a final dividend of HK\$0.002 per share and a special dividend of HK\$0.002 per share. Together with the interim ordinary and special dividends of HK\$0.023 per share already paid during the year, our total full year dividend will amount to HK\$0.027 per share, representing a payout ratio of 60%. In 2026, we undertook a share repurchase, demonstrating our commitment to rewarding shareholders and underscoring our steadfast confidence in the Company's long-term prospects amid a volatile market environment.

As we strengthen our long-term competitiveness, we remain confident in the sustained demand for sportswear products and services across Greater China. Mainland China's General Office of the State Council issued 'Opinions on Unleashing the Potential of the Sports Consumption and Further Promoting High-Quality Development of Sport Industry'. These guidelines set an ambitious target: to cultivate a robust ecosystem of sports enterprises and globally influential events, building a sports industry worth RMB7 trillion by 2030. By 2025, the total scale of the outdoor sports industry in mainland China is projected to exceed RMB3 trillion, making it one of the strongest growth sectors within the sports industry. Further underpinning the industry's long-term growth potential, the 2025 National Fitness Activity Status Survey released by the General Administration of Sport of China, shows that per-capita sports consumption continues to grow. Among the key 19–59-year-old demographic, average annual spending has risen significantly to RMB2,428 per capita, marking a substantial increase from the 2020 survey.

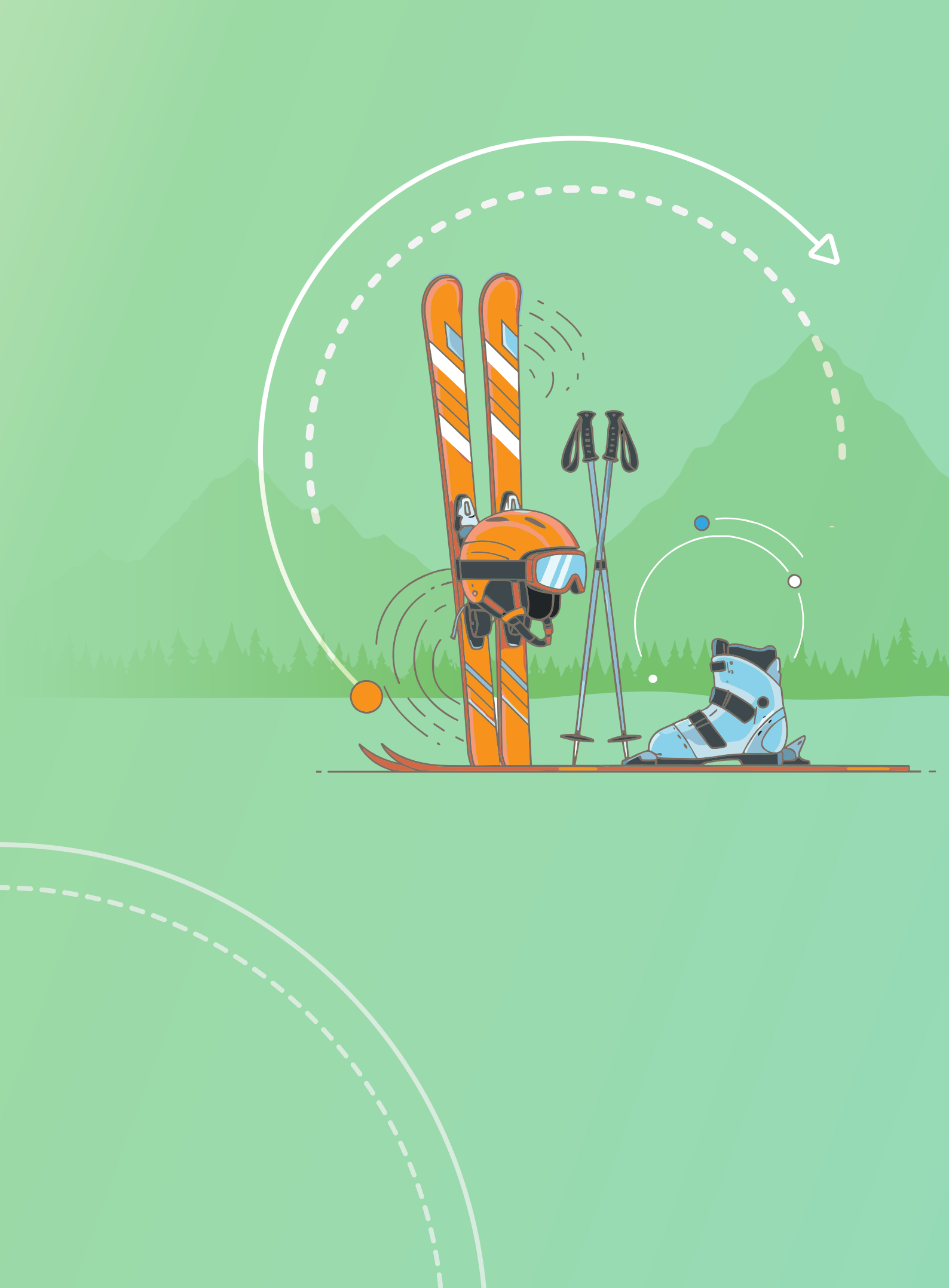
Heading into 2026, we remain committed to proactively advancing our digital and multi-channel strategies, enhancing our business and brand portfolio, and strengthening our strategic partnerships with brand partners. Staying closely attuned to evolving consumer needs and preferences, we will strive to craft shopping experiences with a human touch for consumers as we steadfastly progress towards our vision of "Make Sports Your Life". On behalf of the Group, I would like to express our sincere appreciation to our customers, business partners, financial institutions, shareholders and our dedicated colleagues for their enduring support, trust and commitment. We look forward to the promising opportunities ahead and remain committed to delivering sustainable growth and quality returns to our shareholders.

Chiu, Hui-Yao
Chairman

Hong Kong
March 11, 2026

MANAGEMENT DISCUSSION AND ANALYSIS







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.



MANAGEMENT DISCUSSION AND ANALYSIS

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)
At the end of the year	3,310	3,448

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 leverage.

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 leverage.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



BIOGRAPHICAL DATA OF DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DATA OF DIRECTORS

Mr. CHIU, Hui-Yao

CHIU, Hui-Yao, also known as Fred CHIU, aged 62, has been a Non-executive Director and the Chairman of the Board of the Company since April 2025. He is also a director of various subsidiaries of the Company. Mr. Chiu holds a Master Degree of Information Science from National Chiao Tung University in Taiwan (now known as National Yang Ming Chiao Tung University, established in 2021 through the merger of National Chiao Tung University and National Yang Ming University). He joined Pou Chen Corporation (“PCC”) in 2010, which is a company listed on the Taiwan Stock Exchange Corporation (the “TWSE”) and a controlling shareholder of Yue Yuen Industrial (Holdings) Limited (“Yue Yuen”), a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and in turn a controlling shareholder of the Company. He is a vice president and the chief information security officer, and was a senior director of the information technology (“IT”) department of PCC. PCC, through its interest in Yue Yuen, is deemed to be interested in the shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”). Mr. Chiu has been in the IT industry for over 30 years and has extensive experience in the industry development, especially in the implementation of IT applications. Before joining PCC, Mr. Chiu was the vice president of IT and e-commerce department of RT-MART International Ltd. in Taiwan and the director of the Asia Competence Center of the Shanghai branch of Auchan Asia from 2001 to 2010. From 1998 to 2001, he was a partner of the technical department of Lava Limited. From 1992 to 1997, Mr. Chiu was a senior specialist of the technical department of the Taipei division of NCR Corporation, a company listed on the New York Stock Exchange.

Ms. TSAI Patty, Pei Chun

TSAI Patty, Pei Chun, aged 46, has been a Non-executive Director of the Company since April 2008. She is also a member of the Audit Committee of the Board. Ms. Tsai graduated from the Wharton School of the University of Pennsylvania in the United States of America in May 2002 with a Bachelor of Science Degree in Economics with a concentration in Finance and a College Minor in Psychology. Ms. Tsai joined PCC in 2002. She has served as an executive director and the managing director of Yue Yuen since January 2005 and June 2013 respectively. She is responsible for the strategic planning and enterprise developments of Yue Yuen group. Ms. Tsai is also the chief executive officer of Pou Chen group, a director of PCC and Wealthplus Holdings Limited (“Wealthplus”). PCC, Wealthplus and Yue Yuen are deemed to have interests in the shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO. She was previously a board director of Mega Financial Holding Company Limited (shares of which are listed on the TWSE).



BIOGRAPHICAL DATA OF DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DATA OF DIRECTORS (Continued)

Mr. LI I-nan

LI I-nan, aged 84, has been a Non-executive Director of the Company since March 2013. He is also a member of the Remuneration Committee of the Board. Mr. Li holds a Bachelor and a Master of Arts Degree from National Chengchi University in Taiwan and a Master of Arts Degree from the University of Southern California in the United States of America, respectively. He is currently the chairman of the board of directors of Yue Yuen Education Foundation in which he has been involving in the planning and execution of various projects of the Foundation. Mr. Li has many years of experience in footwear business. He joined Yue Yuen group in 1992 and was responsible for the financial operations of Yue Yuen group, and was an executive director of Yue Yuen. Previously, Mr. Li was a non-executive director of Symphony Holdings Limited (“Symphony Holdings”), a publicly listed company in Hong Kong.

Mr. HU, Chia-Ho

HU, Chia-Ho, aged 57, has been an Executive Director of the Company since July 2022. He is also the chairman of the Disclosure Committee since April 2025. Mr. Hu was once a member of the Nomination Committee and Disclosure Committee during the period from July 2022 to April 2025. He graduated from the University of Wisconsin, Madison, the United States of America with a Master’s Degree of Science. Mr. Hu was an executive director of Yue Yuen during the period from March 2015 to June 2022. He is also a director of certain subsidiaries of Yue Yuen. Mr. Hu joined PCC in 1997. He is a vice president of PCC and was the head of the human resources department and became the head of CEO office in April 2020 and the head of integrate applications department in October 2023. Mr. Hu has extensive experience in human resources management and business development. Yue Yuen and PCC, through its interest in Yue Yuen, are deemed to be interested in the shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO. He was an executive director of Eagle Nice (International) Holdings Limited, a company listed on the Stock Exchange, from December 2020 to September 2024. Prior to joining PCC, Mr. Hu had worked at Citibank Taiwan and was responsible for corporate financing and the related businesses.

Ms. CHANG, Su-Ching

CHANG, Su-Ching, aged 61, has been an Executive Director, a member of the Nomination Committee of the Board and the Chief Executive Officer of the Company since April 2025. She is a director of various subsidiaries and the Head of Self-owned Brand Division of the Group. Ms. Chang graduated with a Master Degree in Finance from National Taiwan University. She joined the Group in August 2011 and was appointed as the Vice President of Finance Department in September 2011. Ms. Chang was the Head of Operation & Business Management Department in 2017, and became the Head of Omni Channel Platform concurrently in 2019 and ceased in June 2025. She has extensive experience in finance and retail operations.



BIOGRAPHICAL DATA OF DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DATA OF DIRECTORS (Continued)

Mr. CHEN, Li-Chieh

CHEN, Li-Chieh, aged 50, has been an Executive Director and a member of the Disclosure Committee of the Board since September 2023. He is also the Chief Financial Officer of the Company. Mr. Chen is a director of various subsidiaries, a supervisor of certain subsidiaries of the Company and the Head of Finance and Operation Division of the Group. He joined the Group and was in charge of the finance and taxation of Retail Business Unit in May 2020. Mr. Chen was also a director and supervisor of certain subsidiaries of Yue Yuen. Yue Yuen is interested in the shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO. He graduated from Tamkang University, Taiwan with a Bachelor's Degree in Accounting. Prior to joining the Group, Mr. Chen worked for PCC as the head of taxation department and head of financial department of Southern China Region during the period from February 2007 to February 2020. In addition, Mr. Chen worked at an international audit firm. He has over twenty years of extensive experience in auditing, taxation and financial management.

Mr. CHEN, Huan-Chung

CHEN, Huan-Chung, aged 70, has been an Independent Non-executive Director of the Company since April 2008. He is also the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Board. He received a Bachelor Degree from the Department of Industrial Management of National Taiwan University of Science and Technology (formerly known as National Taiwan Institute of Technology) in 1983. Mr. Chen is a partner of Wong Tong & Co., CPAs (萬通聯合會計師事務所), a certified public accountant in Taiwan and a certified securities investment analyst in Taiwan. Mr. Chen was an independent director, the convener of the audit committee, and a member of the nomination committee and the remuneration committee of PCC and the term of appointment expired in May 2025. He once was a supervisor of PCC. PCC is a controlling shareholder of Yue Yuen and through Yue Yuen, is deemed to have interests in the shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of part XV of the SFO. Mr. Chen worked as a deputy manager in E. Sun Bills Finance Corporation of Taiwan (台灣玉山票券金融(股)公司).

Mr. FENG Lei Ming

FENG Lei Ming, aged 68, has been an Independent Non-executive Director of the Company, a member of the Audit Committee since September 2018 and the chairman of the Nomination Committee of the Board since July 2022. He holds a Master of Business Administration Degree granted by the University of Memphis in Tennessee of the United States of America. Mr. Feng has extensive experience in the Hong Kong securities industry. He was a responsible officer of Ablelink Capital Limited, the managing director of Pro-Health (China) Co., Ltd., a director and the legal representative of Pro-Health (Beijing) Biotech Co., Ltd., a vice-president of Beijing Association of Taiwan Investment Enterprises and an independent non-executive director of Symphony Holdings.



BIOGRAPHICAL DATA OF DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DATA OF DIRECTORS (Continued)

Mr. LIU, Hsi-Liang

LIU, Hsi-Liang, also known as Freddie LIU, aged 61, has been an Independent Non-executive Director of the Company and the chairman of the Remuneration Committee of the Board since March 2022. He holds a Bachelor's Degree in Diplomacy from the National Chengchi University in Taiwan and a Master's Degree in Business Administration from the University of Michigan in the United States of America. He is currently a director, the corporate governance officer, a senior vice president and the chief strategy officer of TPK Holding Co., Ltd. ("TPK", shares of which are listed on the TWSE), a partner of Purestone Capital Group, a director of ITH Corporation (shares of which are listed on the TWSE), an independent director, a member of the audit committee and sustainable development committee of Silergy Corp. (shares of which are listed on the TWSE), an independent director, a member of the audit committee and sustainable development and risk management committee and the convener of the remuneration committee of Sino Horizon Holdings Limited (shares of which are listed on the TWSE), and a director of Casual Restaurants Inc. (shares of which are listed on the emerging stock market of Taipei Exchange). Mr. Liu was an independent director and a member of the audit committee and remuneration committee of EDOM Technology Co., Ltd. (shares of which are listed on the TWSE), a director and a member of the audit committee of Just Kitchen Holdings Corp. (shares of which were delisted from the Toronto Stock Exchange on January 30, 2024), the chief financial officer of TPK and led TPK to be listed successfully on the TWSE in 2010. In addition, he was the vice president of finance of Advanced Semiconductor Engineering Inc., the chief financial officer of ASE Test Limited and a vice president in corporate finance of Citibank Taiwan.

BIOGRAPHICAL DATA OF SENIOR MANAGEMENT

Mr. SONG Hua

SONG Hua, aged 51, is currently a Vice President of the Group, in charge of the Merchandise & Retail Business Unit. He is also a director of various subsidiaries of the Company. He joined the Group in December 2008, and was promoted to be a Vice President in March 2018. Mr. Song graduated from North University of China (formerly known as North China Institute of Technology), specialised in Industrial Electrical Automation Technology. He has extensive experience and achievements in strategic planning, sales marketing, product branding and retail operation.

Mr. TANG Guoxing

TANG Guoxing, aged 59, is currently a Vice President of the Group, in charge of the Brand and Channel Development Headquarters. He is also a director of several subsidiaries of the Company. He joined the Group in December 2010, and was promoted to be a Vice President in March 2019. Mr. Tang graduated from Jiangsu Open University (formerly known as Jiangsu Radio and Television University), specialised in Business Enterprise Management. He has extensive experience and achievements in strategic planning, sales marketing, product branding and retail operation.



BIOGRAPHICAL DATA OF DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DATA OF SENIOR MANAGEMENT (Continued)

Mr. TANG Yongdong

TANG Yongdong, aged 45, is currently a Vice President of the Group, in charge of the Digital Public Traffic Domains Development Department. He is also a director of several subsidiaries of the Company. He joined the Group in October 2003, and was promoted to be a Vice President in March 2021. Mr. Tang graduated from Wuhan University of Technology, specialised in Business Administration. He has extensive experience and achievements in industries, products, or services related to the digital economy.

Mr. YIP Wing Ming

YIP Wing Ming, aged 39, is currently the Company Secretary and the Financial Controller of the Company. He is also a director of various subsidiaries of the Company. Mr. Yip joined the Company in February 2017. He holds a first class honours degree of Bachelor of Business Administration in Finance and Economics from The Hong Kong University of Science and Technology. Mr. Yip is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, he worked for an international audit firm. Mr. Yip has over ten years of extensive experience in accounting, auditing and financial management.



DIRECTORS' REPORT

The directors of Pou Sheng International (Holdings) Limited (the “Company” and the “Director(s)” or the “Board”, respectively) are pleased to present this annual report (the “Annual Report”) together with the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended December 31, 2025.

All references made below to other sections, reports or notes in the Annual Report and the 2025 Environmental, Social and Governance (“ESG”) Report of the Group (the “ESG Report”) shall form an integral part of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To reduce paper usage, the ESG Report of the Group is published separately and is available in electronic form only. The ESG Report is available on the Company’s website at www.pousheng.com and Hong Kong Exchanges and Clearing Limited’s (“HKEX”) website at www.hkexnews.hk.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are distribution and retailing of sportswear and footwear products and provision of large scale commercial spaces to retailers and distributors for commissions from concessionaire sales.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended December 31, 2025 are set out in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income on pages 82 and 83.

The appropriations of profits of the Group during the year are set out in the Consolidated Statement of Changes in Equity on pages 86 to 87.

DIVIDENDS

During the year, an interim dividend of HK\$0.0115 and a special dividend of HK\$0.0115 in cash per ordinary share of the Company (the “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 holders of the Shares (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 of the Company (the “Register of Members”) on Tuesday, June 2, 2026, amounting to approximately HK\$21.3 million (2024: HK\$106.5 million), subject to approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on Friday, May 22, 2026 (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%).



DIRECTORS' REPORT

FIVE YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 164.

BUSINESS REVIEW

A review of the business of the Group during the year as required pursuant to Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is covered in different sections, reports or notes in the Annual Report and the ESG Report, which shall form an integral part of this review.

Fair Review of Business

The information is provided in the Chairman's Statement on pages 6 to 9 and Management Discussion and Analysis on pages 10 to 19.

Principal Risks and Uncertainties

The Board and senior management of the Group continue to devote time and resources in screening for specific risks in the Group, and in developing a mindset of balanced risk minimisation. The Group has specific policies and management system in place to ensure that risks are properly evaluated and managed at the appropriate level within the Group that the benefits and costs are well balanced.

The principal risks and uncertainties that could impact the Group's performance and its mitigating activities are discussed below. Details about the Group's financial risk management are set out in Note 35(b) to the consolidated financial statements. The list of risks below are not exhaustive nor comprehensive, and there may be other risks and uncertainties further to the major risks outlined below which are not presently known to the Group, or that the Group currently deems to be immaterial but could turn out to be material in the future.

Description and Impact of Risk and Uncertainty	Mitigation
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Information Technology and Data Security

The reliance of the Group's operation on information technology ("IT") system is heavy. Any failure could cause adverse effects to the business operation.

The Group makes significant investment in technology infrastructure. Systems are pre-launch tested, backed-up and upgraded regularly and when necessary. Regular maintenance and contingency and disaster recovery plans are in place to prevent and deal with any system failures.



DIRECTORS' REPORT

BUSINESS REVIEW (Continued)

Principal Risks and Uncertainties (Continued)

Description and Impact of Risk and Uncertainty	Mitigation
--	------------

Information Technology and Data Security (Continued)

The IT system might be subject to security breaches resulting in theft, leakage or corruption of key corporate and financial information, trade secrets and sensitive customer and personal data, which could cause severe impact on customer confidence, the Group's reputation and punishment or regulatory action by relevant authorities.

An information security regime is established. Confidential files are encrypted and/or password protected. Only relevant employees with authority are allowed to have access to sensitive data, especially financial information. Extensive and resilient controls, and vulnerability assessments are undertaken before updates are released. Anti-virus software is upgraded with endpoint detection and response to better defend against cyber attacks, such as ransomware.

The Group also provided mandatory training to raise the awareness of the social engineering attack among staff.

Human Resources

Loss of key management personnel could cause disruption in delivery of strategic objectives.

Effective retention system, succession plan, career development plan and systematic training are established to develop new capabilities and train talents, and ensure effective continuation of leadership and expertise without any interruption respectively.

The Group needs to attract talents, retain employees with relevant experience and knowledge in order to make necessary transformation and to take advantage of all growth opportunities to achieve its strategic objectives and maintain its high quality services.

The Group continues to widen its talent pool. The performance management system is designed to provide reward, competitive remuneration structures and challenging development opportunities to attract talents and retain employees. A variety of social activities are organised for staff.

Market

The Group operates in a highly competitive and customer-oriented market with a wide variety of retailers, which makes it difficult for the Group to stand out and build long-term relationships with customers.

The Group strives to enhance customer satisfaction and loyalty continuously by member exclusive offers, sincere customer services and versatile touchpoints and social media (e.g. Douyin and Xiaohongshu). Content and experience-rich sales channels are developed to arouse consumer sentiments. Business intelligence tools are used and a special unit is established to facilitate dynamic management and to drive retail excellence.



DIRECTORS' REPORT

BUSINESS REVIEW (Continued)

Principal Risks and Uncertainties (Continued)

Description and Impact of Risk and Uncertainty	Mitigation
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Market (Continued)

Location of brick-and-mortar (“B&M”) retail stores plays a vital role in the Group’s success as most of the Group’s revenue is derived from sales of B&M retail stores. Wrong store location could cause waste of upfront investments and disruption to the marketing strategies. Proper channel mix is essential for maximising customer reach and optimising profitability of the Group.

Scientific and holistic method is employed in new store location selection. Store footfall and conversion rate are constantly tracked to optimise productivity in timely manner. The Group continues to refine the B&M retail store network by closing or upgrading under-performing stores. The channel mix and positioning of different channels are reviewed and adjusted regularly to optimise the profitability.

Strategy and Operation

Majority of the revenue of the Group is derived from products of a handful of top brands. Any strain in relationship with, loss of charisma and sales model failure of these top brands could have an adverse effect on the Group’s business and financial condition.

The Group endeavors to strengthen its online sales channel capabilities in order to impress the top brands with its dedication and sincerity in being their most valuable partner and to secure better deals or exclusive products for customers. More mutually beneficial strategic projects (e.g. integrated membership programme) are launched with brand partners. The brand mix of the Group is diversified.

Along with the expansion of the Group’s digital sales, logistics and courier supports have become important. Inefficient logistics and courier could cause a very high operation cost and loss of customers.

The Group makes significant investment in logistics and courier infrastructure. For effective cost control and efficient logistic arrangement, the logistic network is re-designed and smart management systems are used.

Inventory management is very crucial to the success of the Group’s business. Poor inventory management could affect the Group’s ability to meet its customers’ needs and jeopardise the profitability of the Group.

Rigor procurement and inventory management policies and practices are established. Mutually compatible online-offline sales strategies are adopted to reinforce in-season sales and effective off-season clearance. A product sharing omni-hub programme is launched with brand partners to optimise inventory mix.

With consumer sentiment softening, promotional discounting has become a structural norm and a critical means to stimulate traffic. The complex consumption pattern has been challenged to the Group’s business.

The Group have rapidly rolled out forward-thinking and flexible strategies to minimise impacts, while enhance our online channel capabilities, our online multi-storefront model in the public traffic domain and private traffic domain, to accelerate content-driven e-commerce initiatives.



DIRECTORS' REPORT

BUSINESS REVIEW (Continued)

Principal Risks and Uncertainties (Continued)

Description and Impact of Risk and Uncertainty	Mitigation
<p>Natural Environment and Public Health Increasing regulatory and market focus on carbon management and ESG disclosures necessitates proactive adaptation. Beyond policy compliance, the Group faces technological shifts toward low-carbon solutions, market pressures from evolving consumer preferences and energy price volatility, and reputational expectations regarding sustainability performance. Failure to navigate these transitions could increase capital expenditure, disrupt operations, and undermine long-term competitiveness and profitability.</p>	<p>Climate change policy is established. The climate-related risks are reviewed annually. The Group actively seeks to observe the relevant upcoming regulatory changes. Professional consultant is engaged and suitable trainings are provided to relevant employees. Various measures, especially in the aspect of energy-saving, have been implemented to lower the carbon emission of the Group, details of which are set out in the ESG Report.</p>
<p>Increasingly frequent acute weather events (e.g. typhoons, floods) and chronic climate shifts (e.g. such as rising temperatures and sea level rise) within the PRC pose a serious threat to the Group's personnel and assets. These physical risks can trigger operational disruptions, including logistics delays, temporary store closures, and declining footfall, impacting overall business continuity.</p>	<p>Sustainable development panel and ESG working task force are established to manage the environmental related risks. Properties of the Group are well insured. Employee emergency aid program is established to provide comprehensive supports to employees and their families. Inventory is stored in various locations and the logistic network is well designed to support flexible delivery rearrangement. During store renovations, weather-resistant building materials are selected, emergency drainage facilities and contingency response plans are installed, to mitigate the impact of heavy rain, heatwaves and power outages on operation.</p>

More information is provided in the ESG Report which is published separately.



DIRECTORS' REPORT

BUSINESS REVIEW (Continued)

Principal Risks and Uncertainties (Continued)

Description and Impact of Risk and Uncertainty	Mitigation
<p>Legal Compliance</p> <p>The Group has to comply with different laws, rules, regulations and accounting standards, which are subject to continuing changes. Any breach and non-compliance could damage the Group's image and reputation and affect its business operations.</p> <p>The Group enters into a variety of agreements with various parties. Any breach of such agreements could cause the Group to incur significant monetary liabilities and loss of future business opportunities.</p>	<p>The Group actively seeks to identify and meet its regulatory obligations and to respond to new requirements. Statement of policy on corporate governance and corporate code of conduct are established to ensure good governance and ethical practices. Proper controls and trainings are also in place.</p> <p>All agreements are repeatedly scrutinised by different departments before signing and are well documented. Independent external advice is sought when required.</p>
<p>Economic and Social Environment</p> <p>The Group's business operations are mainly conducted in the PRC. Thus the Group's business and prospects are significantly affected by the economic and social environment in the PRC. If there is a prolonged downturn in the economy in the PRC, consumer spending could be significantly weakened.</p>	<p>The Group keeps paying attention to the economic and social developments in the PRC on a proactive continuous basis to enable the Group to cope with changes effectively, including closely monitor of the latest policies and reports issued by the PRC government which highlight the long-term growth potential of the sports sector. To arouse consumer sentiments, the Group keeps exploring and strengthening its brand and product portfolios, and sales strategies continuously, such as introducing the quality good-value channel YYQUALITY and working with idols and influencers.</p>



DIRECTORS' REPORT

BUSINESS REVIEW (Continued)

Events after the Reporting Period

There are no significant events affecting the Group after the reporting period and up to the date of this report.

Future Development in Business

The information is provided in the Chairman's Statement on pages 6 to 9 and Management Discussion and Analysis on pages 10 to 19.

Financial Key Performance Indicators

The financial key performance indicators are provided in the Corporate Overview on page 4 and the relevant analysis is provided in the Chairman's Statement on pages 6 to 9 and Management Discussion and Analysis on pages 10 to 19.

Environmental Policies and Performance

In order to be a sustainable and joyful enterprise and to realise its aspirations for better ESG, the Group has established several specialised units, such as sustainable development panel, ESG working task force and ESG liaison.

The noticeable deterioration of environment and frequent extreme weather events arising from climate change have prompted us to reduce our energy and resource consumption. To combat climate change effectively, the Group has established climate change policy to assess, identify and manage the climate-related risks and opportunities.

The Group follows the local laws concerning environmental protection and, where there are no conflicts, the relevant environmental policies of the various brands distributed by the Group. Owing to the nature of retail business, the Group's operations do not directly lead to any emission of hazardous pollutants, the pollution emission standards that the Group must comply with are relatively straightforward. We use our materials and resources as efficiently as possible. Standardised methods and tools are applied to ensure waste-optimised and low-emission processes covered the entire value chain. The Group formulated supplier code of conduct in 2024 (the "Supplier Code of Conduct") to promote a sustainable supply chain.

For further details, please refer to the ESG Report which is published separately.

Compliance with Laws and Regulations

During the year, the Group is not aware of any non-compliance with laws and regulations that have a significant impact on the operations of the Group.

Relationships with Stakeholders

We aim to promote quality vibrant living and healthy lives by providing convenient and fun sports experiences. While creating value for our Shareholders, we also seek to satisfy and balance the expectations of all stakeholders. The Group identifies key stakeholder groups, including Shareholders and investors, employees, customers and suppliers, and other stakeholders annually.



DIRECTORS' REPORT

BUSINESS REVIEW (Continued)

Relationships with Stakeholders (Continued)

Our relationship with Shareholders and investors

We strive to create value and provide stable and progressive return for our Shareholders and investors. We maintain an open, transparent and interactive dialogue to keep Shareholders well acknowledged about the Company's business performance, prospects and strategies in a detailed, factual and timely manner through various communication channels (such as the Company and HKEX websites, general meetings, regular results briefings, non-deal roadshows, investor conferences and other investor meetings), and thereby to facilitate effective engagement with the investors and to protect the interests of Shareholders and investors.

Our relationship with employees

Our employees are the foundation of our success. Respect, appreciation and fairness are the tenets of our relationship with employees. When structuring our work environment, we have let all the tenets incorporated in it. We do not tolerate any behaviour of discrimination, harassment, vilification and victimisation under any circumstances in the workplace. We do not discriminate against any employees or candidates for employment because of their race, ethnic origin, religion, political affiliation, disability or age. Employee rights and benefits policy is established to safeguard the rights and interests of employees. We expect professional competence, exemplary management practices at all levels and effective team work. We demand our staff to be honest, responsible, trustworthy and willing to adopt our principles of corporate responsibility, and to be paragon and to make their best contribution towards the Company's success in every aspect through applying the principles.

Our relationship with customers and suppliers

We aim to be a leading and innovative company in our industry. Sustainable customer and supplier relationships could only be built on the basis of honesty and trust. We believe that these principles will defend and bolster our success and our suppliers' success. The compliance guidelines (including the Supplier Code of Conduct) and responsible supply chain management principles we adhere to will help us to achieve this aim. We consider our suppliers as partners who are able to make an important contribution to our business success. Our customers could choose to shop in-store or online, whichever they prefer. Best practices are adopted by the Group for ensuring that customers are treated fairly and will receive good customer service throughout their time with us. Regarding the wholesale business, the Group abides by the following: (1) usually transact on "cash on delivery" basis; (2) short term credits are provided to those retailers the Group deems creditworthy; and (3) endeavor to secure timely delivery as promised.

Our relationship with other stakeholders

We put great effort into enhancing corporate governance and actively communicate openly and transparently with media, local governments and communities. It is crucial to identify, understand and engage with other stakeholders to ensure the Group's sustainable development.

More information is provided in the ESG Report which is published separately.



DIRECTORS' REPORT

ANNUAL GENERAL MEETING

The 2026 AGM will be held on Friday, May 22, 2026 at 10:00 a.m. at 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

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 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.

DONATIONS

During the year, the Group made donations totalling approximately RMB0.4 million (2024: RMB0.02 million).

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Group as at December 31, 2025 are set out in Note 37 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group during the year are set out in Note 13 to the consolidated financial statements.

CHARGE OF ASSETS

As at December 31, 2025, there was no material charge on the Group's assets (December 31, 2024: nil).

DIRECTORS' REPORT

SHARE CAPITAL/ISSUE OF EQUITY SECURITIES

Details of the movement in share capital of the Company during the year are set out in Note 28 to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

No equity-linked agreements that will or may result in the Company issuing Shares nor require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year or subsisted at the end of the year.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the Company's reserves available for distribution consisted of contributed surplus of approximately RMB1,136.5 million (December 31, 2024: RMB1,136.5 million) plus accumulated profits of approximately RMB543.5 million (December 31, 2024: RMB374.1 million).

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than its liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2025, and up to the date of this report, the Company bought back a total of 4,947,000 Shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for an aggregate consideration of HK\$2,386,950 (before: expenses). As at December 31, 2025, the total number of Shares in issue was 5,326,179,615¹.

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
Total	4,947,000			2,386,950

note:

¹ This does not reflect the above-mentioned 4,947,000 Shares, and 2,446,000 and 3,272,000 Shares bought back on March 12, 2026 and March 13, 2026 respectively, in which a total of 10,665,000 Shares were cancelled on March 24, 2026. As of March 24, 2026, the total number of Shares in issue was 5,315,514,615.



DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES (Continued)

The Directors believe that the repurchases would lead to an enhancement of the net asset value per Share of the Company and its earnings per share.

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")) (2024: nil). The Company did not hold any treasury shares whether in the Central Clearing and Settlement System, or otherwise.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws (the "Bye-laws"), or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Non-executive Directors ("NEDs")

Chiu, Hui-Yao (Chairman) (appointed on April 22, 2025)
Tsai Patty, Pei Chun
Li I-nan

Executive Directors ("EDs")

Hu, Chia-Ho
Chang, Su-Ching (Chief Executive Officer) (appointed on April 22, 2025)
Chen, Li-Chieh (Chief Financial Officer)
Yu Huan-Chang (resigned on April 14, 2025)

Independent Non-executive Directors ("INEDs")

Chen, Huan-Chung
Feng Lei Ming
Liu, Hsi-Liang



DIRECTORS' REPORT

DIRECTORS (Continued)

In accordance with the Bye-laws, Mr. Li I-nan, Mr. Chen, Huan-Chung and Mr. Liu, Hsi-Liang will retire by rotation at the 2026 AGM. Mr. Chen, Huan-Chung will not offer himself for re-election and will retire from the Board with effect from the conclusion of the 2026 AGM. Mr. Li I-nan and Mr. Liu, Hsi-Liang, being eligible, shall offer themselves for re-election.

BIOGRAPHICAL DATA OF DIRECTORS AND SENIOR MANAGEMENT

Biographical data of the Directors and senior management of the Group are set out on pages 20 to 24.

DIRECTORS' SERVICE CONTRACTS

The terms of office of all Directors are three years and subject to retirement by rotation in accordance with the provisions of the Listing Rules on the Stock Exchange and the Bye-laws.

None of the Directors being proposed for re-election at the 2026 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, subject to the applicable laws and regulations, every Director shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or about the execution of their duties in their respective offices provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The permitted indemnity provision has been in force throughout the year ended December 31, 2025 and remained in force as of the date of this report. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section "Continuing Connected Transactions" and Notes 9(d) and 33(a) to the consolidated financial statements, no transaction, arrangement or contract of significance in relation to the Group's business, to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director, or a controlling Shareholder or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at any time during the year or at the end of the year.

In addition, no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries subsisted at any time during the year or at the end of the year.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2025, the interests or short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long Positions in shares and underlying shares

(a) The Company

Ordinary shares of HK\$0.01 each of the Company

Name of Directors	Capacity	Number of Shares/underlying Shares held				Total	Percentage of the issued Shares ¹
		Personal interests	Family interests	Corporate interests	Other interests		
Chiu, Hui-Yao ²	Beneficial owner	1,200,000 ³	-	-	-	1,200,000	0.02%
Tsai Patty, Pei Chun	Beneficial owner	19,523,000	-	-	-	19,523,000	0.37%
Chang Su-Ching ⁴	Beneficial owner	2,647,000 ⁵	-	-	-	2,647,000	0.05%
Chen, Li-Chieh	Beneficial owner	700,000 ⁶	-	-	-	700,000	0.01%

notes:

- ¹ The total number of issued Shares of the Company as at December 31, 2025 was 5,326,179,615.
- ² Mr. Chiu, Hui-Yao was appointed as a non-executive Director and the chairman of the Board (the "Chairman") on April 22, 2025.
- ³ Included interests in 1,200,000 awarded Shares granted under the share award scheme of the Company (the "Share Award Scheme"), which are subject to certain vesting conditions and remain unvested as at December 31, 2025. Details of the awarded Shares are set out in the section "Share Award Scheme".
- ⁴ Ms. Chang, Su-Ching was appointed as an executive Director and the chief executive officer of the Company (the "CEO") on April 22, 2025.
- ⁵ Included interests in 1,400,000 awarded Shares granted under the Share Award Scheme, which are subject to certain vesting conditions and remain unvested as at December 31, 2025. Details of the awarded Shares are set out in the section "Share Award Scheme".
- ⁶ Included interests in 700,000 awarded Shares granted under the Share Award Scheme, which are subject to certain vesting conditions and remain unvested as at December 31, 2025. Details of the awarded Shares are set out in the section "Share Award Scheme".

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Long Positions in shares and underlying shares (Continued)

(b) *Associated Corporation – Yue Yuen Industrial (Holdings) Limited (“Yue Yuen”)*

Ordinary shares of HK\$0.25 each of Yue Yuen

Name of Directors	Capacity	Number of Shares/underlying Shares held				Total	Percentage of the issued Shares of Yue Yuen ¹
		Personal interests	Family interests	Corporate interests	Other interests		
Chiu, Hui-Yao ²	Beneficial owner	653,000 ³	-	-	-	653,000	0.04%
Hu, Chia-Ho	Beneficial owner	574,000 ³	-	-	-	574,000	0.04%
Chen, Li-Chieh	Beneficial owner	40,000 ⁴	-	-	-	40,000	0.00%

notes:

- ¹ The total number of issued shares of Yue Yuen as at December 31, 2025 was 1,604,556,486.
- ² Mr. Chiu, Hui-Yao was appointed as a non-executive Director and the Chairman on April 22, 2025.
- ³ Included interests in 80,000 awarded shares granted by Yue Yuen under the share award scheme of Yue Yuen (the “YY Share Award Scheme”), which are subject to certain vesting conditions and remain unvested as at December 31, 2025. Details of the awarded shares are set out in the section “Arrangement to Acquire Shares or Debentures”.
- ⁴ Included interests in 40,000 awarded shares granted by Yue Yuen under the YY Share Award Scheme, which are subject to certain vesting conditions and remain unvested as at December 31, 2025. Details of the awarded shares are set out in the section “Arrangement to Acquire Shares or Debentures”.

Save as disclosed above, as at December 31, 2025, none of the Directors nor Chief Executive had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Between the Company and Yue Yuen

During the reporting period and up to the date of this report, in accordance with the register of interests in Shares and short positions of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO, Yue Yuen was a controlling Shareholder holding approximately 62.55% indirect equity interests in the Company. Yue Yuen's principal businesses were original equipment manufacturing/original design manufacturing and sales of footwear products. Its customers were mainly major international brands. While being a Director of the Company, Ms. Tsai Patty, Pei Chun was a director and the managing director of Yue Yuen, and Mr. Hu, Chia-Ho was director of certain subsidiaries of Yue Yuen. Mr. Chiu, Hui-Yao, Mr. Hu, Chia-Ho and Mr. Chen, Li-Chieh also had interests in the shares and underlying shares in Yue Yuen during the reporting period, the details of which are set out in the sections "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Arrangement to Acquire Shares or Debentures". Therefore, the Directors aforementioned were considered as having interests in Yue Yuen.

Notwithstanding the above, since the Company and Yue Yuen are separately listed entities and are mainly run by separate and independent management teams, the Directors believe that the Company is capable of carrying on its business independently of, and at arm's length from Yue Yuen. As the Company no longer has any footwear manufacturing business, it is expected that there is not and will not be any competition between the Company and Yue Yuen in the field of footwear manufacturing business.

Save as disclosed above, during the reporting period and up to the date of this report, none of the Directors had any interest in any business which competes or is likely to compete with that of the Group and which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

UPDATE ON DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors and Chief Executive since the date of publication of the Company's 2025 interim report are set out below:

1. On September 1, 2025, Ms. Chang, Su-Ching acted as the Head of Self-owned Brand Division of the Group.
2. On January 16, 2026, Mr. Liu, Hsi-Liang was appointed as a director of ITH Corporation (shares of which are listed on the TWSE).
3. Details of change in the Directors' and Chief Executive's remuneration are set out in Note 9(a) to the consolidated financial statements.



DIRECTORS' REPORT

SHARE AWARD SCHEME

The Share Award Scheme was adopted on May 9, 2014 and duly amended on November 11, 2016, and further amended and restated on November 13, 2023 by the Board upon the recommendation by the remuneration committee of the Board (the “Remuneration Committee”) for recognising the contributions by certain persons, including Directors and employees of the Group, providing incentives to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group. All personnel of the Group are entitled to participate. It is funded by the existing Shares of the Company and not involving issue of new Shares.

The Share Award Scheme was valid and effective for a period of 10 years commencing on the date of adoption (i.e. from May 9, 2014 to May 8, 2024), and has been further extended for another 10 years upon expiration of the initial term (i.e. from May 9, 2024 to May 8, 2034) by amending and restating the rules and trust deed relating to the Share Award Scheme. No further share awards should be granted upon termination or expiry of the Share Award Scheme.

Any proposed award should be determined on the basis of individual performance and must be recommended by the Remuneration Committee and approved by the Board. All the awarded Shares granted under the Share Award Scheme should be vested in accordance with the conditions (such as employment status, individual performance and common key performance indicators) and timetable (i.e. vesting period) as determined by the Board. In the case of a Director or an employee of the Group, the grantee must remain at all times a Director or an employee of the Group. Clawback will be applied where there is exceptionally poor performance, misconduct or material breach of terms of employment or rules or policies of the Company prior to the vesting date and the Board will determine to vary or cancel the relevant award.

Awarded Shares are generally granted on the basis of the individual performance of the relevant grantee, and vested in tranches over a period of consecutive years with dates determined by the Board subject to fulfilment of performance target(s) and condition(s). Performance targets for outstanding awarded Shares granted on or before May 8, 2024 require a “good” or better performance rating for all appraisals conducted during the vesting period. For awarded Shares granted on or after May 9, 2024, “good” or better performance rating is required for the appraisal conducted immediately preceding the vesting date of the relevant tranche of awarded Shares. Taking ‘vest-in-tranches’ into consideration, vesting periods of awarded Shares granted generally range from 1 to 3 years.

According to the letter of award, the amount payable on acceptance of the grant of awarded Shares is HK\$1.00 with no deadline specified. Apart from this, no monetary payment has to be made by grantee to acquire share awards under the Share Award Scheme.

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.

DIRECTORS' REPORT

SHARE AWARD SCHEME (Continued)

Under the Share Award Scheme, a total of 158,551,810 Shares, constituting approximately 2.98% of the issued Shares, have been granted. Of these, 43,566,570 Shares, representing approximately 0.82% of the issued Shares, have subsequently lapsed or been cancelled. Consequently, as at the date of this report, 98,061,944 Shares remain available for future awards, which accounts for approximately 1.84% of the issued Shares.

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).

Pursuant to the Share Award Scheme, movements in awarded Shares during the year are set out below:

	Date of grant	Vesting period	Number of awarded Shares				Vested during the year	Balance as at December 31, 2025
			Balance as at January 1, 2025	Granted during the year	Lapsed/ cancelled during the year	Reclassified ² during the year		
Directors/Chief Executive								
Chiu, Hui-Yao ¹	18.08.2025	18.08.2025-17.02.2027	-	240,000	-	-	-	240,000
	18.08.2025	18.08.2025-17.02.2028	-	360,000	-	-	-	360,000
	18.08.2025	18.08.2025-17.08.2028	-	600,000	-	-	-	600,000
Chang, Su-Ching ²	19.08.2024	19.08.2024-18.08.2025	-	-	-	400,000	(400,000)	-
	19.08.2024	19.08.2024-18.08.2026	-	-	-	400,000	-	400,000
	18.08.2025	18.08.2025-17.02.2027	-	200,000	-	-	-	200,000
	18.08.2025	18.08.2025-17.02.2028	-	300,000	-	-	-	300,000
Chen, Li-Chieh	18.08.2025	18.08.2025-17.08.2028	-	500,000	-	-	-	500,000
	18.08.2025	18.08.2025-17.02.2027	-	140,000	-	-	-	140,000
	18.08.2025	18.08.2025-17.02.2028	-	210,000	-	-	-	210,000
Yu Huan-Chang ³	18.08.2025	18.08.2025-17.08.2028	-	350,000	-	-	-	350,000
	11.11.2022	11.11.2022-10.11.2025	480,000	-	(480,000)	-	-	-
Wang Jun ⁴	19.08.2024	19.08.2024-18.08.2025	500,000	-	(500,000)	-	-	-
	19.08.2024	19.08.2024-18.08.2026	500,000	-	(500,000)	-	-	-
Sub-total			1,480,000	2,900,000	(1,480,000)	800,000	(400,000)	3,300,000

DIRECTORS' REPORT

SHARE AWARD SCHEME (Continued)

Date of grant	Vesting period	Number of awarded Shares					Balance as at December 31, 2025
		Balance as at January 1, 2025	Granted during the year	Lapsed/ cancelled during the year	Reclassified ² during the year	Vested during the year	
Employees in aggregate							
19.08.2024	19.08.2024-18.08.2025	10,300,000	-	(1,050,000)	(400,000)	(8,850,000)	-
19.08.2024	19.08.2024-18.08.2026	10,300,000	-	(1,200,000)	(400,000)	-	8,700,000
18.08.2025	18.08.2025-17.02.2027	-	4,386,000	-	-	-	4,386,000
18.08.2025	18.08.2025-17.02.2028	-	6,579,000	-	-	-	6,579,000
18.08.2025	18.08.2025-17.08.2028	-	10,965,000	-	-	-	10,965,000
Sub-total		20,600,000	21,930,000	(2,250,000)	(800,000)	(8,850,000)	30,630,000
Grand total		22,080,000	24,830,000	(3,730,000)	-	(9,250,000)	33,930,000
Five highest paid individuals in aggregate							
19.08.2024	19.08.2024-18.08.2025	2,000,000	-	-	-	(2,000,000)	-
19.08.2024	19.08.2024-18.08.2026	2,000,000	-	-	-	-	2,000,000
18.08.2025	18.08.2025-17.02.2027	-	888,000	-	-	-	888,000
18.08.2025	18.08.2025-17.02.2028	-	1,332,000	-	-	-	1,332,000
18.08.2025	18.08.2025-17.08.2028	-	2,220,000	-	-	-	2,220,000
Total		4,000,000	4,440,000	-	-	(2,000,000)	6,440,000



DIRECTORS' REPORT

SHARE AWARD SCHEME (Continued)

notes:

- ¹ Mr. Chiu, Hui-Yao was appointed as a non-executive Director and the Chairman on April 22, 2025.
- ² Ms. Chang, Su-Ching was appointed as an executive Director and the CEO on April 22, 2025. 800,000 awarded Shares owned by Ms. Chang, Su-Ching were reclassified from the category of 'Employees in aggregate' to the category of 'Directors/Chief Executive' as at April 22, 2025.
- ³ Mr. Yu Huan-Chang resigned from all his positions with the Company on April 14, 2025.
- ⁴ Mr. Wang Jun resigned from all his positions with the Company on April 14, 2025.

The closing price of the Shares immediately before the grant of awarded Shares on August 18, 2025 was HK\$0.498 per Share.

During the year, the weighted average closing price of the Shares immediately before the date on which the awarded Shares were vested (being August 19, 2025) was HK\$0.498 per Share.

The fair value of share awards is determined in accordance with Hong Kong Financial Reporting Standard 2 "Share-based Payment" and details of the accounting policy adopted are set out in Note 3 to the consolidated financial statements. The fair value of the awarded Shares at the date of grant on August 18, 2025 was approximately RMB11,360,000, which was calculated based on the closing price of Shares on the date of grant of HK\$0.498 per Share.

Further details of the Share Award Scheme are set out in Note 29 to the consolidated financial statements.

DIRECTORS' REPORT

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Under the YY Share Award Scheme and subject to certain vesting conditions, the following Directors have been awarded with ordinary shares of Yue Yuen, details of which are as follows:

Name of Directors	Date of award	Number of shares awarded	Date of vesting	Number of shares vested	Number of shares lapsed	Number of shares unvested
Chiu, Hui-Yao ¹	28.06.2023	90,000	31.05.2025	90,000	–	–
	13.03.2025	42,000	01.06.2025	42,000	–	–
	01.06.2025	80,000	31.05.2027	–	–	80,000
Hu, Chia-Ho	28.06.2023	45,000	31.05.2025	45,000	–	–
	13.03.2025	36,000	01.06.2025	36,000	–	–
	01.06.2025	80,000	31.05.2027	–	–	80,000
Chen, Li-Chieh	01.06.2025	40,000	31.05.2027	–	–	40,000
Yu Huan-Chang ²	28.06.2023	90,000	31.05.2025	–	90,000	–
	13.03.2025	30,000	01.06.2025	–	30,000	–

notes:

¹ Mr. Chiu, Hui-Yao was appointed as a non-executive Director and the Chairman on April 22, 2025.

² Mr. Yu Huan-Chang resigned from all his positions with the Company on April 14, 2025.

Save as disclosed herein and as stated in the section “Share Award Scheme” above, at no time during the year or at the end of the year was the Company or any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2025, the register of interests in Shares and short positions of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", the following Shareholders had notified the Company of their relevant interests in the issued Shares:

Long Positions in the Shares

Name of Shareholders	notes	Capacity/ Nature of interest	Number of Shares held	Percentage of the issued Shares
Major Focus Management Limited ("Major Focus")	(a)	Beneficial owner	3,331,551,560	62.55%
Yue Yuen	(a), (b)	Interest of a controlled corporation/ Beneficial owner	3,331,551,560	62.55%
Wealthplus Holdings Limited ("Wealthplus")	(b)	Interest of a controlled corporation	3,331,551,560	62.55%
Pou Chen Corporation ("PCC")	(b)	Interest of a controlled corporation	3,331,551,560	62.55%

notes:

The total number of issued Shares as at December 31, 2025 was 5,326,179,615.

- (a) 3,331,551,560 Shares are held by Major Focus, a wholly-owned subsidiary of Yue Yuen.
- (b) The entire issued shares of Major Focus is held by Yue Yuen, in which Wealthplus and Win Fortune Investments Limited ("Win Fortune") respectively hold 48.18% and 3.17% voting shares. Wealthplus and Win Fortune are in turn wholly-owned by PCC. Accordingly, Yue Yuen, Wealthplus and PCC are all deemed to be interested in these Shares under the SFO.

Ms. Tsai Patty, Pei Chun, a Director, is also a director of Yue Yuen, Wealthplus and PCC.

Save as disclosed above, as at December 31, 2025, the Directors were not aware of any other person (other than the Directors or Chief Executive) who had or was deemed to have an interest or short position in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein.



DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS

Distribution Sales of a Subsidiary to Shandong Liwei Trading Company Limited (“Shandong Liwei”)

On December 27, 2023, Qingdao Pou Sheng International Sporting Goods Company Limited (“Qingdao Pou Sheng”), an indirect non wholly-owned subsidiary of the Company, entered into a master distribution agreement with Shandong Liwei (the “2024-26 Distribution Agreement”), pursuant to which Qingdao Pou Sheng agreed to supply sportswear and footwear products to Shandong Liwei on non-exclusive basis from January 1, 2024 to December 31, 2026 subject to the following maximum annual caps:

Year	Maximum Annual Cap
January 1, 2024 to December 31, 2024	RMB44,000,000
January 1, 2025 to December 31, 2025	RMB45,000,000
January 1, 2026 to December 31, 2026	RMB47,000,000

The sportswear and footwear products should be supplied on a cost-plus basis with an average gross profit margin (net of discounts) of between 10% to 20% taking into account the general gross profit margin for distribution of similar products in the PRC.

Since Shandong Liwei was a substantial shareholder of Qingdao Pou Sheng and was owned as to 70% by one of the directors of Qingdao Pou Sheng, Mr. Liu Guozhong, it was a connected person of the Company at the subsidiary level as at December 27, 2023.

Details of the 2024-26 Distribution Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated December 27, 2023.

For the year ended December 31, 2025, the total transaction amount of the 2024-26 Distribution Agreement and the transactions contemplated thereunder was approximately RMB37.4 million.

Annual Review of Continuing Connected Transactions

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS (Continued)

Annual Review of Continuing Connected Transactions (Continued)

The Company's independent auditor was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has issued an unqualified report containing its findings and conclusions in respect of the above continuing connected transactions and confirmed that nothing has come to their attention in relation to the above continuing connected transactions of the matters set out in Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of related party transactions for the year are set out in Note 33 to the consolidated financial statements.

Save as the continuing connected transactions disclosed above, all other related party transactions did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules.

With regard to the related party transactions which also constitute continuing connected transactions as set out in the section headed "Continuing Connected Transactions" above, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in so far as they are applicable.

REVIEW OF ACCOUNTS

The audit committee of the Board has reviewed, with management and Messrs. Deloitte Touche Tohmatsu, the independent auditor of the Company, 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.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of sales attributable to the Group's five largest customers was less than 30% of the Group's total sales for the year.

The aggregate amounts of purchases attributable to the Group's largest and five largest suppliers were 55% and 95% of the Group's total purchases for the year, respectively.



DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS (Continued)

None of the Directors or the close associates of the Directors or the Shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued Shares) have an interest in any of the Group's five largest customers or suppliers at any time during the year.

EMOLUMENT POLICY

The Group's emolument policy for employees is set up by the Board. The emoluments of the employees are determined on the basis of their merit, qualifications and competence, with reference to prevailing salary levels in the market. In addition, the Group provides other fringe benefits, such as social insurance, mandatory provident funds, medical coverage and training programs to employees based on their respective personal career development.

The emoluments of the Directors are reviewed and recommended by the Remuneration Committee and are decided by the Board, as authorised by the Shareholders at the annual general meeting, having regard to, inter alia, the Group's performance and financial position, individual performance and comparable market statistics. Further details are set out in the section "Remuneration Committee" of the Corporate Governance Report on pages 59 to 60.

Pursuant to Code Provision E.1.5 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the remuneration of the senior management of the Company by band for the year ended December 31, 2025 was set out in Note 9(b) to the consolidated financial statements.

The Company has adopted the Share Award Scheme to provide incentives to its Directors and eligible employees of the Group and to recognise their contributions and ongoing efforts. Details of which are set out in the section "Share Award Scheme" and Note 29 to the consolidated financial statements.

PENSION SCHEME

The Group is committed to comply with all applicable laws and regulations relating to workplace pensions in all the jurisdictions in which the Group operates.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries of the Group are required to contribute to the retirement benefit schemes to fund the benefits at a defined percentage of employees' payroll specified by the relevant laws and regulations. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The Group has also enrolled all its qualifying employees in Hong Kong into the Mandatory Provident Fund Scheme (the "MPF Scheme"). The assets of the MPF Scheme enrolled are held separately from those of the Group in trust under the management of independent trustees. In accordance with the relevant ordinances and regulations of the MPF Scheme, the employer and its employees both are required to make contributions to the scheme at rate specified subject to a maximum cap.

The Group contributed approximately RMB345.1 million to the abovementioned schemes for the year ended December 31, 2025.

Further information is provided in Note 31 to the consolidated financial statements.



DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules throughout the year ended December 31, 2025 and up to the date of this report.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by Messrs. Deloitte Touche Tohmatsu, certified public accountants, who will retire and, being eligible, offer themselves for re-appointment as independent auditor of the Company at the 2026 AGM.

On behalf of the Board

Chiu, Hui-Yao
Chairman
Hong Kong
March 11, 2026



CORPORATE GOVERNANCE REPORT

The board of directors (the “Board”) and the management of Pou Sheng International (Holdings) Limited (the “Company” and together with its subsidiaries, the “Group”) recognise the importance of maintaining good corporate governance practices and procedures, hence corporate transparency and accountability can be practised. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and thereby enhancing the value of shareholders of the Company (the “Shareholders”). The Board is committed to achieving a high standard of corporate governance and to leading the Group to grow in an efficient manner directed by the Group’s vision and mission. The Group’s governance structure is effective that independent views and input are provided to the Board.

CORPORATE GOVERNANCE PRACTICES

During the year ended December 31, 2025, 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 the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules”, respectively).

BOARD OF DIRECTORS

Roles and Responsibilities

The Board is committed to protecting the best interests of the Company and its Shareholders. The Board is also responsible for formulating the strategic development of the Group, monitoring and evaluating the Group’s operation and financial performance and risk management and internal control systems, and reviewing the corporate governance standards of the Company and overseeing the executive management of the Company. The Board ensures appropriate and adequate reporting relating to annual and interim reports, including financial statements and Environmental, Social and Governance (“ESG”) reports, and ensures the Company maintains effective communication with the Shareholders and appropriate engagement with other key stakeholders.

The management is delegated with the authority and responsibility for the day-to-day operations of the Group under the leadership and supervision of the chief executive officer of the Company (the “CEO”). The CEO, working with the management team, is responsible for overseeing and managing the businesses of the Group, including the implementation of policies and strategies delegated and adopted by the Board and assuming full accountability to the Board for the operations of the Group.

Board Composition

The Company is committed to the view that the Board should include a balanced composition of executive, non-executive and independent non-executive directors of the Company (the “Directors”) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Board Composition (Continued)

As at the date of this report, the Board comprises the following Directors:

Non-executive Directors (“NED(s)”)

Mr. Chiu, Hui-Yao (Chairman) (appointed on April 22, 2025)

Ms. Tsai Patty, Pei Chun

Mr. Li I-nan

Executive Directors (“ED(s)”)

Mr. Hu, Chia-Ho

Ms. Chang, Su-Ching (Chief Executive Officer) (appointed on April 22, 2025)

Mr. Chen, Li-Chieh (Chief Financial Officer)

Independent Non-executive Directors (“INED(s)”)

Mr. Chen, Huan-Chung

Mr. Feng Lei Ming

Mr. Liu, Hsi-Liang

The Board consists of 9 Directors, comprising three EDs, three NEDs and three INEDs. The biographical information of the Directors is disclosed under Biographical Data of Directors and Senior Management on pages 20 to 24. After the date of this report, one INED will retire after the conclusion of the forthcoming annual general meeting of the Company to be held on Friday, May 22, 2026 (the “2026 AGM”) and one new INED is proposed by the Board to be appointed at the 2026 AGM, and if approved, with effect from the conclusion of the 2026 AGM. As at the date of this report, none of the members of the Board have any relationships (including financial, business, family and other material/relevant relationships) with each other, nor between the Chairman and the chief executive.

Mr. Chiu, Hui-Yao and Ms. Chang, Su-Ching, who were appointed to the Board with effect from April 22, 2025, had attended the induction training prior to their appointments from an external legal adviser as required under Rule 3.09D of the Listing Rules on April 15, 2025. Each of them has confirmed his/her understanding of his/her obligations as Directors of the Company.

The NEDs play a vital role in (i) participating in board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; (ii) taking the lead where potential conflicts of interests arise; (iii) serving on the Board committees; and (iv) scrutinising the Company’s performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The Company recognised the importance of board independence to maintain good corporate governance. Specifically, the following mechanisms maintained by the Company were in place to ensure independent views and input are available to the Board:

- Three out of the nine Directors are INEDs, which meets the requirements of the Listing Rules relating to the appointment of at least three INEDs and representing at least one-third of the Board;
- Separation of the role of the chairman and the chief executives ensures that there is a balance of power and authority;



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Board Composition (Continued)

- INEDs receive fixed fee(s) for their role as members of the Board and Board committee(s) as appropriate;
- For INED who has served more than nine years, shall retire and will not be nominated by the Board to stand for re-election by the Shareholders, and an appropriate candidate will be proposed to the Board for election as the new INED after having assessed including but not limited to his/her independence, qualification, experience and time commitment by the nomination committee of the Company (the “Nomination Committee”);
- Independence of the INEDs, is assessed upon appointment and annually in accordance with the guidelines set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board;
- In assessing potential candidates for the Board, the Nomination Committee will review their profiles, including their qualifications and experiences, having regard to the Board’s composition and skills matrix, the Nomination Policy of the Group (the “Nomination Policy”), the Director succession plan of the Group (the “Director Succession Plan”) and Board diversity policy of the Group (the “Board Diversity Policy”);
- The Board would annually review the contribution of the Directors to perform their responsibilities to the Company, and whether they devote sufficient time and make contributions to the Company that are commensurate with their roles and Board responsibilities, as well as the performance of the Board;
- All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board committee meetings;
- Regarding conflict management, any matters which are material and/or Directors and their associates with a material interest or may cause potential conflict of interest, relevant Directors shall abstain from voting on the resolution approving such matters and not be counted in the quorum of the meetings;
- The chairman of the Company (the “Chairman”) meets with INEDs annually without the presence of EDs and NEDs;
- The audit committee of the Company (the “Audit Committee”) meets with external and internal auditors, without the presence of EDs at least twice a year; and
- To facilitate proper discharge of their duties, all Directors are entitled to seek advice from the company secretary of the Company (“Company Secretary”) or independent professional advisers at the expense of the Company.

The Board conducted an annual review in respect of the implementation and effectiveness of the above-mentioned mechanisms and is of the opinion that the established mechanisms have been effectively implemented to ensure that independent views and input are available to the Board.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Division of Responsibilities between Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the CEO are separate and are not performed by the same individual to ensure a balance of power and authority and set out in writing in the Group's Statement of Policy on Corporate Governance (the "Statement of Policy on Corporate Governance"). The Chairman, Mr. Chiu, Hui-Yao, who was appointed on April 22, 2025, provides leadership and governance to the Board and ensures that all key and appropriate issues are discussed by the Board in a timely manner. He also ensures that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategies and policies and that Board decisions taken are in the Group's best interests and fairly reflect the Board's consensus. The CEO, Ms. Chang, Su-Ching, who was appointed on April 22, 2025, leads the management in the day-to-day operations of the Group's business in accordance with the business plans, develops and proposes the Group's strategic plans and formulates the organisational structure, control systems and internal procedures and processes for the Board's approval.

Independence of Independent Non-executive Directors

At all times during the year ended December 31, 2025, the Company has complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three INEDs, representing at least one-third of the Board and with at least one of them possessing appropriate professional accounting and financial management expertise.

The Company has received from each of the INEDs, namely Mr. Chen, Huan-Chung, Mr. Feng Lei Ming and Mr. Liu, Hsi-Liang, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on the annual review conducted by the Nomination Committee of the Company, the Board is of the view that all INEDs are independent in accordance with the Listing Rules. Mr. Chen, Huan-Chung, who has been serving the Company as an INED for over 9 years, has tendered his intention, to retire as the INED after the conclusion of the 2026 AGM. The Board would like to express sincere appreciation to Mr. Chen, Huan-Chung for his invaluable contribution to the Company during his tenure.

Board Process

Board meetings are scheduled to be held at approximately quarterly intervals and as required by business needs to discuss and review the overall strategy as well as the operation and financial performance of the Group and other duties of the Board. Six Board meetings and a Shareholders' meeting were held during the year. The Chairman also during the year held a meeting with the INEDs without the presence of other Directors. The attendance records of Directors are set out in the table herein. The annual meetings schedule is made available to Directors before the commencement of 2025 so that the Directors are given the opportunity to arrange their schedules to attend the meetings. For regular board meetings, notice of at least 14 days is given to all Directors to ensure that all Directors are given an opportunity to attend and to include matters for discussion in the agenda. Agenda and Board papers are normally sent to all Directors at least 3 days before each regular Board meeting to enable them to make informed decisions with adequate data. All Directors have full access to information of the Group and are able to seek independent professional advice in performing their duties at the expense of the Company in appropriate circumstances or upon their request.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Board Process (Continued)

Minutes of all Board and committees meetings together with related Board or committees papers are kept by the Company Secretary. Draft and final versions of minutes are sent to all Directors or committee members for review and comment in a timely manner and for their records respectively. Minutes are recorded in sufficient detail of the matters considered by the Board and decisions reached. The minutes/resolutions of the Board and the committees are available for inspection by Directors. Any matters which are material and/or substantial Shareholder(s) or Directors and their close associates (as defined in the Listing Rules) with a material interest in or may cause potential conflicts of interests are discussed at physical Board meetings (instead of by circulating written resolutions of Directors) and relevant Directors will abstain from voting on the resolutions approving such transactions and are not counted in the quorum of the meetings.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions against them arising from the Company's business activities which such Directors and officers of the Group may be held liable.

Directors' Attendance and Time Commitment

The table below sets out the number of meetings of the Board and its committees, individual attendance by the Board and committee members at these meetings and the annual general meeting ("AGM") during the year:

Name of Directors	Board Meetings	Audit Committee Meetings	Nomination Committee Meeting	Remuneration Committee Meetings	Disclosure Committee Meeting ⁵	Chairman and INEDs Meeting	AGM
Number of meeting(s) attended/held							
Non-executive Directors							
Chiu, Hui-Yao ¹	5/5	N/A	N/A	N/A	N/A	1/1	1/1
Tsai Patty, Pei Chun	6/6	4/4	N/A	N/A	N/A	N/A	1/1
Li I-nan	6/6	N/A	N/A	3/3	N/A	N/A	1/1
Executive Directors							
Hu, Chia-Ho ²	6/6	N/A	2/2	N/A	N/A	N/A	1/1
Chang, Su-Ching ³	5/5	N/A	N/A	N/A	N/A	N/A	1/1
Chen, Li-Chieh	6/6	N/A	N/A	N/A	N/A	N/A	1/1
Yu Huan-Chang ⁴	1/1	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors							
Chen, Huan-Chung	6/6	4/4	2/2	3/3	N/A	1/1	1/1
Feng Lei Ming	6/6	4/4	2/2	N/A	N/A	1/1	1/1
Liu, Hsi-Liang	6/6	N/A	N/A	3/3	N/A	1/1	1/1



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Directors' Attendance and Time Commitment (Continued)

notes:

- ¹ Mr. Chiu, Hui-Yao was appointed as a NED with effect from April 22, 2025.
- ² Mr. Hu, Chia-Ho was re-designated as the chairman of the Disclosure Committee with effect from April 14, 2025 and resigned as a member of the Nomination Committee with effect from April 22, 2025.
- ³ Ms. Chang, Su-Ching was appointed as an ED and a member of the Nomination Committee with effect from April 22, 2025.
- ⁴ Mr. Yu Huan-Chang resigned as an ED and the chairman of the Disclosure Committee with effect from April 14, 2025.
- ⁵ According to the terms of reference of the disclosure committee of the Company (the "Disclosure Committee"), the Disclosure Committee shall meet as and when circumstances require, and can discuss and deal with matters by electronic mail or telephone conference instead of convening meetings. No Disclosure Committee meeting was held during the year ended December 31, 2025 as the committee members performed their duties and functions via electronic mail and/or telephone conversation instead of convening meetings.

Appointment, Re-election and Removal of Directors

The appointment of a new Director is made on the recommendation of the Nomination Committee and by approval of the Board or by the Shareholders in a general meeting.

In assessing potential candidates for the Board, the Nomination Committee considers gender, age, ethnicity, cultural, professional and educational background, professional qualifications and experiences, skills, knowledge, reputation for integrity, length of service and independence for the Board, potential time commitment for the Board and/or Board committee responsibilities, potential contributions to the Group (including the ability to provide a diversity of perspectives), Nomination Policy, Director Succession Plan for the ongoing effective performance of the Board as a whole and Board Diversity Policy and any measurable objectives for achieving diversity on the Board. The recommendations of the Nomination Committee are then put to the full Board for decision. All newly appointed Directors are subject to re-election by the Shareholders at the next AGM following their appointments.

Besides that, all NEDs (including INEDs) are appointed for a specific term of three years. At least one-third of Directors shall retire from office every year at the Company's AGM. All Directors are subject to retirement by rotation at least once every three years and re-election in accordance with the provisions of the Listing Rules and the Bye-laws of the Company (the "Bye-laws"). The key terms and conditions of the Directors' appointments are set out in their respective letter of appointment and/or service contract.

The Bye-laws provides that a director may be removed by way of an ordinary resolution.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Directors' Induction and Continuing Professional Development

The Company Secretary facilitates the induction and continuing professional development of the Directors at the Company's expense (if necessary). Each newly appointed Director is provided with a tailored induction to ensure that he or she has a proper understanding of the operations and business of the Group and is fully aware of his or her responsibilities under applicable legal requirements and the business and corporate governance policies of the Group.

Mr. Chiu, Hui-Yao and Ms. Chang, Su-Ching, who were appointed to the Board with effect from April 22, 2025, had attended the induction training prior to their appointments from an external legal adviser as required under Rule 3.09D of the Listing Rules on April 15, 2025. Each of them has confirmed his/her understanding of the information provided by the legal adviser including his/her obligations as Directors of the Company.

The Company provides continuous updates to the Directors on the Group's business and the latest developments regarding the Listing Rules and other applicable regulatory requirements, and training and reading materials to ensure compliance and enhance their awareness of good corporate governance practices covering all topics as required by Rule 3.09G of the Listing Rules. Also, the Directors are required to provide the Company with training records undertaken by them from time to time.

Pursuant to Code Provision C.1.4 of the CG Code, the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. According to the training records provided by the Directors to the Company, during the year, the Directors received an aggregate of about 102 hours of training by attending seminars and conferences relating to the Group's business or directors' duties, and reading materials relating to legal and regulatory updates and other relevant topics.

During the year, the Company organised a briefing session in relation to the enhancements to corporate governance requirements for listed issuers by the Stock Exchange, along with industry trends and the latest developments by Deacons for the Directors. If the Directors are not able to attend the briefing session, training handouts will be distributed to those Directors for their self-studying. The Company also provides reading materials for all Directors regarding the regulatory updates for listed company in Hong Kong regularly.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Directors' Induction and Continuing Professional Development (Continued)

The record of trainings taken during the year provided by the Directors is summarised below:

Name of Directors	Total no. of hours taken during the year	Mode of trainings ¹
Non-executive Directors		
Chiu, Hui-Yao (Chairman) (appointed on April 22, 2025)	8	● ●
Tsai Patty, Pei Chun	17	● ●
Li I-nan	11	● ●
Executive Directors		
Hu, Chia-Ho	11	● ●
Chang, Su-Ching (CEO) (appointed on April 22, 2025)	8	● ●
Chen, Li-Chieh (Chief Financial Officer)	11	● ●
Yu Huan-Chang (resigned on April 14, 2025)	3	● ●
Independent Non-executive Directors		
Chen, Huan-Chung	11	● ●
Feng Lei Ming	11	● ●
Liu, Hsi-Liang	11	● ●

note:

- ¹ ● External training via seminar or webinar hosted by legal professionals or government authorities
- Self-study via reading of PowerPoint, guidance materials, enforcement cases, newsletters, consultation papers, regulator's report and press releases from regulatory authorities regarding updates on latest legal and regulatory developments



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established the Audit Committee, the remuneration committee (the “Remuneration Committee”), the Nomination Committee and the Disclosure Committee (collectively the “Board Committees”) to oversee various aspects of the Group’s affairs.

Audit Committee

The Audit Committee has been in place since May 2008 with specific written terms of reference, which are available for viewing on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of one NED and two INEDs: Mr. Chen, Huan-Chung (Chairman), Ms. Tsai Patty, Pei Chun and Mr. Feng Lei Ming. Mr. Chen, Huan-Chung is an INED possessing the appropriate professional accounting and financial management expertise as required under the Listing Rules.

The primary functions of the Audit Committee are, inter alia, to assist the Board in fulfilling its responsibilities, to maintain appropriate relationships with external auditors, to review the Group’s financial control, risk management and internal control, to review the annual and interim reports and other financial information provided by the Company to the Shareholders, the public and others, and to deal with other matters within the scope of its terms of reference.

The Audit Committee is responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Group.

The Audit Committee held four meetings during the year. The attendance record of the members of the Audit Committee meetings is set out in the table under “Directors’ Attendance and Time Commitment” section. The following is the summary of work performed by the Audit Committee during the year:

- reviewed and recommended the quarterly results, and interim and annual reports of the Group to the Board for approval;
- reviewed and discussed the various review and audit issues as reported by the external auditor;
- recommended the re-election of the external auditor at the 2025 AGM;
- reviewed the internal control or internal audit issues as reported by the Company’s internal audit department (the “Internal Audit Department”) covering the investigation findings and recommendations;
- reviewed the adequacy and effectiveness of the Company’s financial controls, risk management and internal control systems;
- reviewed the ongoing connected transactions of the Group;



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

- reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- reviewed the audit and non-audit services provided by the external auditor and the relevant service fees;
- reviewed and recommended annual risk management report to the Board for approval;
- reviewed and recommended the policy on non-assurance services provided by external auditor to the Board for approval; and
- held meetings with the external and internal auditors in the absence of EDs to discuss any material audit issues.

Remuneration Committee

The Remuneration Committee has been in place since May 2008 with specific written terms of reference, which are available for viewing on the websites of the Stock Exchange and the Company.

The Remuneration Committee currently consists of one NED and two INEDs: Mr. Liu, Hsi-Liang (Chairman), Mr. Chen, Huan-Chung and Mr. Li I-nan.

The primary functions of the Remuneration Committee include making recommendations to the Board on remuneration policy, structure and packages of the Directors and the senior management of the Group (the "Senior Management") and other related matters. A Remuneration Policy of the Group for the Directors and the Senior Management (the "Remuneration Policy") has been established. In recommendation of the remuneration package of Directors, the Remuneration Committee considers the qualifications and experience of each Director and also remuneration policies of other comparable listed companies of similar business and size, time commitment and responsibilities of the Directors, employment conditions of the Group and the desirability of performance-based remuneration. The Remuneration Committee also ensures that the levels of remuneration should be sufficient to attract and retain the Directors to run the Company successfully but would avoid paying more than necessary for this purpose. No Directors or any of their respective associates are involved in determining their own remunerations.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

The Remuneration Committee held three meetings during the year. The attendance record of the members of the Remuneration Committee meetings is set out in the table under “Directors’ Attendance and Time Commitment” section. The following is the summary of work performed by the Remuneration Committee during the year:

- reviewed and recommended the remuneration of Directors, chief executive and Senior Management to the Board for approval with reference to the remuneration level of directors of comparable listed companies;
- reviewed and recommended the remuneration package of a NED, an ED and an INED for renewal of their appointment letter to the Board for approval;
- reviewed and recommended the remuneration package of a NED, an ED and the Chief Executive Officer to the Board for approval;
- evaluated and assessed the effectiveness of the Remuneration Committee and the adequacy of its terms of reference;
- recommended the grant and vest of share awards of the Group to the Board for approval; and
- reviewed the status of the share awards under the Share Award Scheme.

Details of the Directors’ remuneration for the year ended December 31, 2025 are set out in Note 9(a) to the consolidated financial statements, and the remuneration of the Senior Management by band is set out in Note 9(b) to the consolidated financial statements.

Nomination Committee

The Nomination Committee has been in place since December 2011 with specific written terms of reference, which are available for viewing on the websites of the Stock Exchange and the Company.

The Nomination Committee currently consists of one ED and two INEDs: Mr. Feng Lei Ming (Chairman), Mr. Chen, Huan-Chung and Ms. Chang, Su-Ching.

The primary functions of the Nomination Committee are to assist the Board in identification of suitable individuals qualified to become Board members, review the structure, size, composition and diversity of the Board, make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, and support the Company’s regular evaluation of the Board’s performance (which will be started in the financial year ending 2027).



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

The Nomination Committee held two meetings during the year. The attendance record of the members of the Nomination Committee meeting is set out in the table under “Directors’ Attendance and Time Commitment” section. The following is the summary of work performed by the Nomination Committee during the year:

- recommend the appointment of a NED, an ED and the Chief Executive Officer;
- assessed the independence of INEDs;
- reviewed the retirement and nominated the re-election of retiring Directors at the 2025 AGM;
- reviewed the structure, size, composition and diversity of the Board; and
- reviewed and recommended the revised Terms of Reference of the Nomination Committee, the Board Diversity Policy, Nomination Policy for Directors and Director Succession Plan to the Board for approval.

Board Diversity

On August 13, 2013, the Board adopted a Board Diversity Policy which was subsequently amended on March 15, 2022 and October 28, 2025. The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, ethnicity, cultural, professional and educational background, professional qualifications and experiences, skills, knowledge, length of service and independence and other factors that the Board may consider relevant and applicable from time to time. All appointments of Directors will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The composition of the Board reflects an appropriate mix of skills, experience and diversity among its members that are relevant to the Group’s strategy and business. The policy is available for viewing on the website of the Company.

The Board has delegated authority to the Nomination Committee to review the gender diversity at board level and across the workforce according to the business development of the Group. The Company is committed to have not less than one female director and will continue to seek opportunities through referrals, employment agencies and other reasonable means to increase the proportion of female members of the Board over time as and when suitable female candidates are identified. The Group has been taking, and will continue to take, steps to promote gender diversity across the workforce, with the ultimate goal of achieving gender parity. During the year ended December 31, 2025, there were two female Directors out of nine Directors (approximately 22%). One more female INED is proposed by the Board to be appointed at the 2026 AGM, and if appointed, with effect from the conclusion of the 2026 AGM, the Board will comprise three female Directors out of nine Directors (approximately 33%). As at December 31, 2025, 87.5% of the senior management was male and 12.5% was female; while 81.9% of the workforce (excluding senior management) was female and 18.1% was male. For details, please refer to the ESG Report.

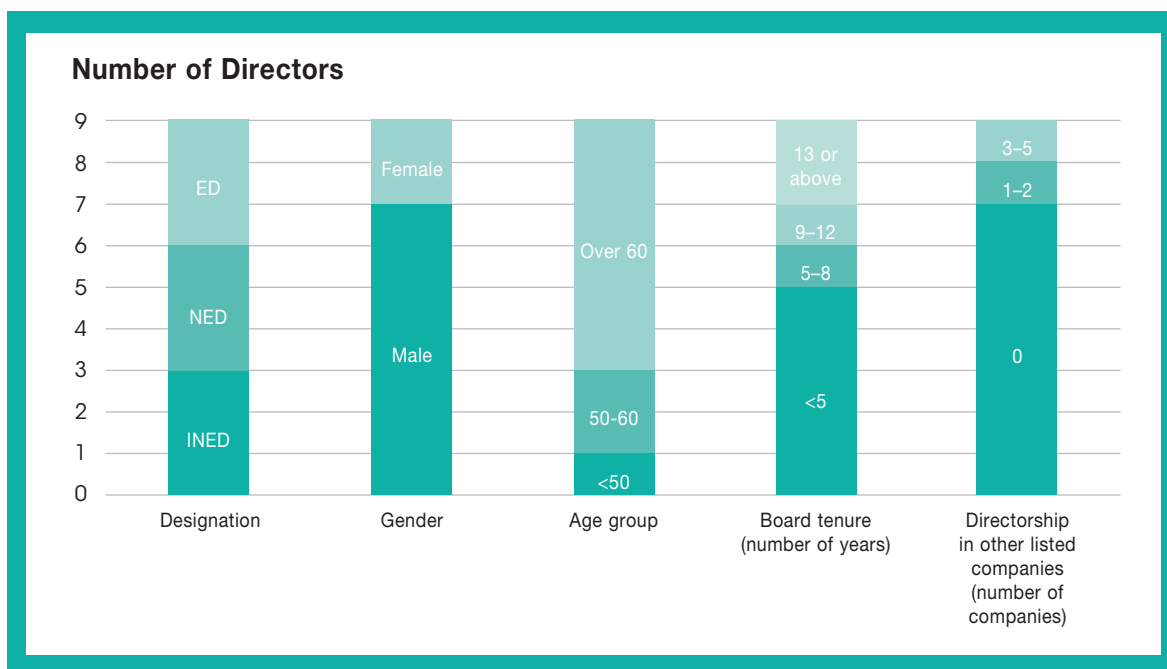
CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Board Diversity (Continued)

The Nomination Committee is also responsible to review the Board Diversity Policy, the measurable objectives and monitor the implementation of the Board Diversity Policy to ensure its implementation and continued effectiveness. An analysis of the Board's current composition based on the measurable objectives of academic background, industrial experience or expertise and tenure is set out below:

Number of Directors



Academic Background

Business Administration



22%

Economics/Finance/Account



33%

Others



45%

Experience/Expertise

Sportswear Industry



56%

Accounting Expertise



11%

Equity Investment/Financial Services



89%

Human Resources



11%

Information Technology/Electronics



22%



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Board Diversity (Continued)

The Board comprises nine Directors, five of them possess extensive expertise in product innovation, global supply chain management, online channel retail, and brand marketing within the sportswear industry. Collectively, the Board's experience and expertise encompass accounting, equity investment and financial services, human resources, and information technology and electronics, as shown in the diagram above. This combination of skills aligns closely with the Company's strategic focus on expanding the performance-apparel segment and strengthening core capabilities. The Board also believes that the current composition provides sufficient oversight for executing the Company's strategy. The Board and the Nomination Committee will review the Board's skills annually and introduce additional expertise as required by the Company's future development.

The Company believes that it has maintained an effective Board comprising members of different genders, age, professional background and industry experience. The Company's Board Diversity Policy was consistently implemented. A comprehensive overview of the current Board composition and the diversity perspective are also disclosed under Biographical Data of Directors and Senior Management on pages 20 to 24.

Workforce Diversity

On October 28, 2025, the Board adopted a workforce diversity policy. The Company is committed to fostering a diverse, equitable and inclusive workplace, as a key driver of sustainable growth. The Company targets an appropriate gender balance across the workforce and adequate female representation at management level.

Nomination Policy

On November 13, 2018, the Board has adopted a Nomination Policy for Directors which was subsequently amended on October 28, 2025. The key objectives of the Nomination Policy include, inter alia, the following:

- (a) to guide the Board in relation to appointment/re-election of Directors; and
- (b) to devise a policy on the structure, size and composition of the Board in order to ensure the diversity and balance of the Board in terms of skills, experience, knowledge and diversity of perspectives are appropriate to the requirements of the Company's business and make recommendations on any proposed changes to the Board to complement the Company's strategic objectives.

The Nomination Policy shall be reviewed periodically to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice.

Director Succession Plan

The purpose of the Director Succession Plan is to ensure the orderly identification and selection of new directors in the event of a vacancy on the Board, whether such vacancy exists by reason of anticipated retirement, unexpected departure, expansion of the size of the Board, or otherwise. As provided in the terms of reference for Nomination Committee, the Nomination Committee shall make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Director Succession Plan (Continued)

During the year, the Director Succession Plan was amended in line with the relevant amendments made to the Listing Rules

Disclosure Committee

The Disclosure Committee has been in place since March 2019 with specific written terms of reference, which are available for viewing on the websites of the Stock Exchange and the Company.

The members of the Disclosure Committee had to be selected by the Board in every financial year according to the inside information policy of the Company (the “Inside Information Policy”) and its terms of reference. The Disclosure Committee currently consists of two EDs: Mr. Hu, Chia-Ho (Chairman) and Mr. Chen, Li-Chieh.

The primary function of the Disclosure Committee is to assist the Board in considering matters associated with compliance with the Company’s continuous disclosure obligations and inside information provisions under the Securities and Futures Ordinance (the “SFO”).

The Disclosure Committee shall meet from time to time as and when circumstances require. In the ordinary course, the Disclosure Committee may discuss and deal with matters by way of communication through electronic mail and/or telephone conference. During the year, no Disclosure Committee meeting was held as the committee members performed their duties and functions via electronic mail and/or telephone conversation instead of convening meetings.

CORPORATE GOVERNANCE FUNCTION

The Board has adopted a Statement of Policy on Corporate Governance and is collectively responsible for performing the corporate governance duties, including those set out in the Code Provision A.2.1 of CG Code:

- (a) to develop and review the Company’s policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and Senior Management;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (e) to review the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report; and
- (f) to develop, review and monitor the implementation of the Shareholders’ Communication Policy to ensure its effectiveness.

The Board has reviewed and/or performed the abovementioned corporate governance functions during the year and up to the date of this annual report.



CORPORATE GOVERNANCE REPORT

BOARD EVALUATION

In order to enable the Board to enhance its leadership and effectiveness to support the Company's strategic vision and goals, the Company would conduct the review on Board performance for every two years. The Board proposed to conduct the first Board performance review in 2027.

INDEPENDENT AUDITOR'S REMUNERATION

During the year ended December 31, 2025, the remuneration paid or to be payable to Messrs. Deloitte Touche Tohmatsu ("Deloitte"), the Company's external auditor, and its affiliate in respect of audit services and non-audit services is as follows:

Services	Fees charged RMB'000
Audit services	
Annual audit	4,427
Non-audit services	
Interim review	687
Accounting system advisory	79
Tax advisory	286
ESG reporting advisory	147
	1,199
Total	5,626

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities with respect to the financial statements of the Group and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group in a timely manner.

A statement made by the external auditor of the Company, Deloitte with regard to their responsibilities for the audit of the Group's consolidated financial statements is set out in the Independent Auditor's Report on pages 76 to 81.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.



CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction 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. Following specific enquiry by the Company to all Directors, each of them has confirmed that he/she has complied with the required standards set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the year ended December 31, 2025.

The Company has also established and adopted as internal guidelines for securities transactions by relevant employees (the “Employees Guidelines”) which are on no less exacting terms than the Model Code. Specified employees who are likely to be in possession of unpublished inside information related to the Company and its securities must comply with the Employees Guidelines. All of them are reminded to comply with the Employees Guidelines quarterly.

DIVIDEND POLICY

The Company has adopted a Dividend Policy, pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the profit of the Company shall be enough for both self-development and returns to the Shareholders.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall take into account, inter alia, the Company’s current and future operations and earnings, business development strategies, financial position, capital requirements and surplus, contractual restrictions, payments by subsidiaries of cash dividends to the Company, the amount of distributable profits based on the Bye-laws, the applicable laws and regulations, the Shareholders’ request and intention, and other factors that the Board deems relevant.

Subject to the foregoing, the Company aims to distribute as dividends approximately 20% to 30% of the net profits available for distribution in each financial year. The dividend payout ratio for the year ended December 31, 2025 remains at 60%, unchanged from the ratio for the year ended December 31, 2024, in alignment with the Dividend Policy.

COMPANY SECRETARY

Mr. Yip Wing Ming, the Company Secretary, who is also the Financial Controller of the Company, confirmed that he has complied with all the required qualifications, experience and training requirements as specified under the Listing Rules during the year under review. The biographical information of Mr. Yip Wing Ming is set out in the Biographical Data of Directors and Senior Management on pages 20 to 24. Selection, appointment or dismissal of the Company Secretary should be approved by the Board. The Company Secretary should report to the Chairman and/or the chief executive. All Directors have access to the advice and services of the Company Secretary.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

1. Procedures by which Shareholders may convene a special general meeting

- 1.1 Shareholders holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company as at the date of the deposit of the requisition are entitled to require the Board to convene a special general meeting by depositing a requisition at the registered office of the Company for the attention of the Board or the Company Secretary.
- 1.2 The requisition must specify the purposes of the meeting, signed by the requisitionists and may consist of several documents in like form each signed by one or more of those requisitionists.
- 1.3 The signatures and the requisition will be verified by the Company's branch share registrar and transfer office. The Board will proceed to convene a special general meeting for the transaction of any business or resolution specified in the requisition within 21 days from the date of deposit of such requisition if it has been validly raised.
- 1.4 If the Board does not within 21 days from the date of the deposit of a valid requisition, proceed duly to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

2. Procedures for putting forward enquiries to the Board

Shareholders may put forward enquiries to the Board through the Company Secretary, whose contact details are as follows:

The Company Secretary
Pou Sheng International (Holdings) Limited
22nd Floor, C-Bons International Center
108 Wai Yip Street, Kwun Tong
Kowloon, Hong Kong

Tel. No.: +852 3182 5800
Fax No.: +852 3182 5808

3. Procedures for putting forward proposals at Shareholders' meeting

- 3.1 In general, subject to paragraph 3.2 below, no resolution may be proposed at a Shareholders' meeting (whether it is a special general meeting or an AGM) if such resolution is not included in the notice convening the general meeting. However, if the proposal is to amend an existing ordinary resolution set out in the notice convening the general meeting and such amendment is within the scope of the notice, such amendment may be made if approved by the Shareholders by ordinary resolution.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (Continued)

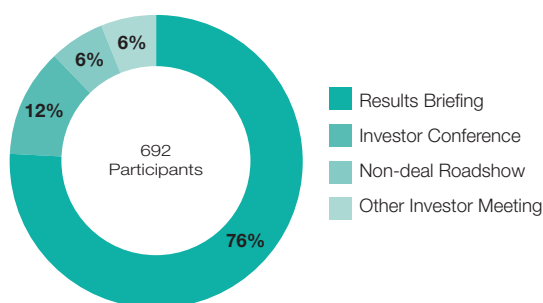
- 3. Procedures for putting forward proposals at Shareholders' meeting (Continued)**
- 3.2 On the requisition in writing of either (i) any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates, or (ii) not less than 100 Shareholders, the Company shall be under a duty to:
- (a) give to Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and/or
 - (b) circulate to Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
- 3.3 Notice of any such intended resolution under paragraph 3.2 shall be given, and any such statement shall be circulated, to Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholders by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the Company.
- 3.4 The requisition under paragraph 3.2 must be signed by the requisitioners and deposited at the registered office of the Company (i) in the case of a requisition requiring notice of a resolution, not less than 6 weeks before the meeting; and (ii) in the case of any other requisition, not less than 1 week before the meeting.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS AND COMMUNICATION

The Company endeavors to foster strong relationships with its Shareholders and potential investors. To facilitate effective engagement with the investors, the Company maintains ongoing dialogue with the Shareholders, and broader investment community through various channels. These include, but are not limited to, corporate communications, AGM and other general meetings that may be convened, results briefings, non-deal roadshows, investor conferences and other investor meetings to provide timely updates on the performance of the Group, as deemed appropriate. In addition, to better understand the market's overall perception of the Company and to strengthen its investor relations strategy, the Company utilises a third-party annual survey to assess the effectiveness of its communications.

Investor Engagement by Meeting Type in 2025



Summary of Investor Relations Activities in 2025

Total Investor Meetings ¹	Results Briefing
77	4
Non-deal Roadshow	Investor Conference
7	8

Note¹: Investors meetings include results briefing, non-deal roadshow, investor conference and other investor meeting.

During the year, the Company's Chief Executive Officer and Executive Director, along with the Chief Financial Officer and Executive Director, attended all the results briefings held by the Company and participated in 65% and 100% of the non-deal roadshows held in Hong Kong, respectively.

The Company has also been actively expanding its coverage among top-tier sell-side broker analysts. As of the end of 2025, a total of 11 brokers covered the Company. Notably, 10 of these brokers gave positive ratings for the Company, including Goldman Sachs, Daiwa and Jefferies.

The Board has adopted the Shareholders' Communication Policy on March 5, 2012, which was subsequently amended on March 22, 2019, March 15, 2022, March 13, 2024 and October 28, 2025 and is regularly reviewed to ensure its effectiveness. During the year, the Company reviewed the implementation and effectiveness of the Shareholders' Communication Policy and considered it to be effective.



CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS AND COMMUNICATION (Continued)

The Company publishes interim and annual reports and other corporate communications including but not limited to announcements, circulars, notices and other regulating disclosures on the website of the Hong Kong Exchanges and Clearing Limited in a timely manner in accordance with the Listing Rules. Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Corporate communications are published in both Chinese and English language. The Shareholders are requested to provide their updated and functional email addresses to the Company's Hong Kong branch share registrar and transfer office in order to receive (i) corporate communications; and (ii) actionable corporate communications electronically.

Shareholders are encouraged to attend the Company's general meetings, at which the Chairman of the Board, the chairmen of the Board Committees (or in their absence, another member of the Board Committees), appropriate management executives and/or external auditors are available to answer the Shareholders' questions and to gain understanding of the views of Shareholders. Shareholders and investors may make enquiries and express views regarding the Company through a designated Investor Relations contact by telephone and email, details of which are disclosed on the Company's website under the Contact Us section.

In addition, Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, deals with shareholders for share registration and related matters. To promote effective communication with its shareholders and stakeholders during the year, the Company maintains its website at www.pousheng.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are promptly updated and available for public access.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year.

An up-to-date consolidated version of the Company's constitutional documents is available on the websites of each of the Company and the Stock Exchange.

INTERNAL CONTROL AND RISK MANAGEMENT

Responsibility

The Board has the overall responsibility to evaluate and determine the nature and extent of risks the Group (including ESG risks) is willing to take in achieving the Group's objectives. It is also responsible for the introduction and the on-going maintenance and review of appropriate and effective risk management and internal control systems of the Group. The Board has entrusted the Audit Committee with the responsibility to review the financial controls, risk management and internal control systems, and the effectiveness of internal audit function of the Group. The Board has delegated to the management with defined structure and scope of authority, to conduct reviews on and maintenance of all material controls to ensure compliance with relevant legislations and regulations.



CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT (Continued)

Responsibility (Continued)

The Company has established its own Internal Audit Department which is independent of the Company's management in assessing and monitoring the control on the risk management and internal control systems of the Company. Depending on the business nature and risks of each individual business unit, the work of Internal Audit Department includes reviews on finance/information technology and operation, recurring and ad hoc audits and fraud investigations, etc. On quarterly basis, Head of Internal Audit Department reports on reviews of the business processes and activities, including action plans to address any identified control weaknesses to the Audit Committee. Regular follow up actions will be carried out until the condition is improved. If the Internal Audit Department suspects the weakness will materially affect the Group, they will report to the Audit Committee when necessary on a timely basis. In addition, the Internal Audit Department also communicates with the Group's external auditor on a regular basis.

The Audit Committee, on behalf of the Board, reviews the Internal Audit Department's work and findings through internal audit reports on a quarterly basis and ensures the internal audit function is adequately resourced. It reports to the Board especially on any material matters including but not limited to financial, operational and compliance controls that have arisen from the Audit Committee's review on the risk management and internal control processes on a quarterly basis. The Board has also conducted an annual review of the effectiveness of the Group's risk management and internal control systems, including changes in the nature and severity of principal risks for the year, the Group's ability to cope with external environmental changes, the ability to monitor the scope and quality of the risk management and internal control systems, internal audit work, the major weaknesses detected and their related impacts, the Group's financial reports and compliance with the relevant regulations, and concluded that they are adequate and effective. No significant control failings or weaknesses that have a material impact on the Company's financial performance was identified during the year.

Risk Management Framework

The Company has put in place the policy and procedures, including the parameters of delegated authority, which provide a framework for the identification and management of risks. The procedures are designed to identify, evaluate, manage and minimise risks that could adversely impact the achievement of the Group's business objectives but do not provide absolute assurance against material misstatement, errors, losses, fraud or non-compliance.



CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

The Group's risk management and internal control systems are characterised by a clear governance structure, policy procedures and reporting mechanism to facilitate the management of the Group's business risks.

Responsible Unit	Function
Board	<ul style="list-style-type: none">• Has overall responsibility for the Group's risk management system• Formulate final decision, guidance and instruction on the risk management system and its mitigation
Audit Committee	<ul style="list-style-type: none">• Oversee the implementation of the control on risk management• Report the results of risk management to the Board
Internal Audit Department	<ul style="list-style-type: none">• Co-ordinate the operation of risk management mechanism• Conduct independent review on the mechanism• Oversee the control and follow up of the risk and report the result to the Audit Committee
Internal risk management committee	<ul style="list-style-type: none">• Establish and continuously modify the risk management system• Execute identification and estimation of risks• Manage, monitor and control risks• Report on risk management
Risk management unit	<ul style="list-style-type: none">• Implement risk management system• Co-ordinate and assist the internal risk management committee• Implement mitigation of risks• Arrange training for and introduce risk management
Functional and operation unit	<ul style="list-style-type: none">• Facilitate communication between risk management unit and departments• Guide, structure and co-ordinate risk management work• Identify risks, assess and review mitigation, and investigate risk management work and its improvement



CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT (Continued)

Process

The Group's methodology for its risk assessment comprises four core stages:

(a) *Risk Identification*

Department/functional heads identify risks in the operations they are responsible for as well as risks they believe are relevant to the Group as a whole. All the identified risks are consolidated into a risk inventory.

(b) *Risk Assessment*

Risks in the risk inventory are evaluated by assessment participants from the Group using predefined risk assessment criteria associated with two risk dimensions – (i) impact of each risk; and (ii) the Group's vulnerability to each risk. The risk scoring and prioritisation process is then performed.

(c) *Risk Response*

The prioritised risk ranking is then submitted to the internal risk management committee for review. Risk owners are assigned for each selected risk, with more significant risks being assigned to more senior individuals. Risk owners also formulate risk mitigation plans for the significant risks identified and relating to their areas of responsibility.

(d) *Risk Monitoring and Reporting*

Risk monitoring and reporting are key components of the enterprise risk management system as they enable the Board, the Audit Committee, the internal risk management committee and department/functional heads to determine whether the system is functioning effectively. This includes ensuring that risks are identified, prioritised and communicated to those responsible for taking actions to address them, and that such actions have been taken and are being operated effectively.

Risk owners are responsible for monitoring the implementation and effectiveness of risk mitigation plans. They provide periodic updates to the internal risk management committee regarding the progress of the implementation of their risk mitigation plans and on the performance of these plans, according to the frequency specified in each plan. Risk management monitoring activities and the effectiveness of the implementation of risk mitigation plans are made subject to review by the Internal Audit Department and are included in its internal audit plans.

Control Effectiveness

In respect of the year ended December 31, 2025, after reviewing the effectiveness of the risk management and internal control systems as reported by the Audit Committee, the Board considers the risk management and internal control systems are effective and adequate for the Group's needs in its current business environment for the year ended December 31, 2025.



CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT (Continued)

Inside Information

The Company has adopted an Inside Information Policy in compliance with the SFO under which procedures are established for handling and disseminating inside information and to guard against possible mishandling of inside information within the Group.

The Board has delegated to its Disclosure Committee the authority to consider matters associated with compliance with the Company's continuous disclosure obligations. The Disclosure Committee members review the materiality of the relevant information and assess any possible impact on the Group in order to determine the appropriate course of actions and, if considered appropriate, a Board meeting may be convened to consider and decide whether or not the information constitutes inside information and disclosure shall be made immediately. The Board may seek independent professional advice, if and when appropriate, to ensure that the Company can timely comply with the disclosure requirements.

Whistleblowing Policy

The "Whistleblowing Policy" was established on March 14, 2022 and was subsequently amended on November 11, 2024 and October 28, 2025, to (i) encourage and assist any whistleblowers to raise their concerns about any suspected fraud, malpractice, misconduct or irregularity (the "Concern") and disclose related information confidentially; (ii) provide reporting channels and guidance on whistleblowing to employees or external parties to raise their Concerns rather than neglecting them; (iii) reveal suspected fraud, malpractice or misconduct before these activities cause disruption or loss to the Group; and (iv) reassure whistleblowers that the Group will provide them with protection against unfair disciplinary action or victimisation for any genuine reports made. The Audit Committee has the overall responsibility for Whistleblowing Policy, but has delegated the day-to-day responsibility for overseeing and implementing this policy to the head of Internal Audit Department. The Audit Committee is responsible for monitoring and reviewing the effectiveness of Whistleblowing Policy and the actions resulting from the investigation of any reported Concerns.

A report has been produced to the Audit Committee by the Internal Audit Department regarding the whistleblowing cases received during the year, which included the number and kind of the cases received and action taken. According to the report, there were 8 cases received during the year but none of them were found to involve serious misconduct or malpractice and needed to be brought to the attention of the Board.



CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT (Continued)

Anti-bribery and anti-corruption

The Board had adopted the “Prevention of Corporation and Bribery Policy” on March 15, 2022 and was subsequently amended on October 28, 2025 to promote and support anti-corruption laws and regulations. The Company is committed to promoting the highest standards of business ethics and complying with all applicable laws, including the prevention of bribery legislations in the jurisdictions in which the Company operates and conducts business activities. The Company adopts a zero-tolerance attitude towards corruption, fraud, and bribes in any form in any country in which the Company operates or conducts business activities and which may cause reputational damage to the Company.

For anti-corruption system, the head of human resources and general administration department of the Company shall from time to time identify and assess the risks of corruption in the context of the Company and develop internal monitoring, risk assessment and other mitigation measures accordingly (including the provision of appropriate periodic training and explanations for Company Personnel who may be exposed to the risks of corruption, bribery and conflicts of interests).

During the year, no concluded legal cases regarding corrupt practices against the Company or its employees had been reported.



INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE MEMBERS OF POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際(控股)有限公司

(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Pou Sheng International (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 82 to 163, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) as issued by the HKICPA and the Hong Kong Companies Ordinance. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of goodwill</i></p> <p>We identified the impairment assessment of goodwill allocated to several groups of cash generating units (“CGUs”) which are engaged in the business of distribution and retailing of sportswear and footwear products and provision of large scale commercial spaces to retailers and distributors for commissions from concessionaire sales as a key audit matter due to the significance of the balance of goodwill to the consolidated financial statements as a whole, combined with the significant judgments and estimates involved in the assessment process of the management of the Group.</p> <p>As disclosed in note 16 to the consolidated financial statements, the carrying amount of goodwill as at December 31, 2025 was RMB522,163,000. Management conducted an impairment assessment by comparing the recoverable amounts of the CGUs which are estimated based on value in use calculation, with their carrying amounts.</p> <p>In estimating the value in use of the above groups of CGUs, key inputs used by the management included discount rates, growth rates, budgeted sales and gross margin. The above groups of CGUs containing goodwill did not suffer any impairment during the year ended December 31, 2025.</p>	<p>Our procedures in relation to the impairment assessment of goodwill included:</p> <ul style="list-style-type: none">• Involving our team of internal valuation experts to assess the discount rate applied underpinning the discounted cash flow models based on market data and management’s specific parameters to the CGUs;• Evaluating the assumptions applied underpinning the discounted cash flow models, including growth rates and gross margin in the forecasted future cash flows, by reference to the financial budget approved by the management;• Evaluating the accuracy of historical forecasts of future cash flows by comparing them with actual results in the current year and understanding the causes for any significant variances; and• Performing sensitivity analysis on the key assumptions including discount rate to evaluate the magnitude of their impacts on the value in use of the CGUs.



INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Assessment of net realisable value of obsolete and slow-moving inventories</i></p> <p>We identified the assessment of net realisable value of obsolete and slow-moving inventories as a key audit matter due to the significant judgments and estimates involved in the determination of the net realisable value of these obsolete and slow-moving inventories by the management of the Group.</p> <p>As disclosed in notes 20 and 8 to the consolidated financial statements, the carrying amount of inventories included in the inventories balances as at December 31, 2025 was RMB5,020,147,000 and the net changes in allowance for inventories credited to the consolidated income statement for the year ended December 31, 2025 was RMB12,850,000.</p> <p>As explained in note 4(b)(ii) to the consolidated financial statements, the management of the Group reviewed the aging and saleability of the inventories at the end of the reporting period and made allowance for those inventories with carrying amounts higher than their respective net realisable values. The management of the Group estimated the net realisable value for those items based primarily on the latest transaction prices and current market condition.</p>	<p>Our procedures in relation to assessment of net realisable value of obsolete and slow-moving inventories included:</p> <ul style="list-style-type: none">• Testing the completeness and accuracy of aging analysis of inventories and checking, on a sample basis, to the invoices and other relevant supporting documents;• Evaluating the allowance for inventories by the management of the Group with reference to the retrospective review on actual sales by aging categories during the year for those inventories as at December 31, 2024; and• Assessing the net realisable value of the inventories with reference to the actual sales subsequent to the end of the reporting period.



INDEPENDENT AUDITOR'S REPORT

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wu, Ka Ming (practising certificate number: P05701).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 11, 2026

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	5	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)	6(a)	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)	6(b) 6(c)	(16,425) (5,048)	(17,818) (3,200)
Profit before taxation		340,101	688,208
Income tax expense	7	(110,785)	(190,386)
Profit for the year	8	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	11	RMB cents	RMB cents
– Basic		4.06	9.48
– Diluted		4.05	9.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2025

	NOTES	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Investment properties	12	120,700	126,500
Property, plant and equipment	13	689,212	786,134
Right-of-use assets	14	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	15	99,623	96,158
Goodwill	16	522,163	522,163
Interests in joint ventures	17	–	–
Equity instrument at fair value through other comprehensive income		2,508	3,088
Other financial assets at amortised cost	18	49,734	–
Bank deposits over three months	23	527,840	437,840
Deferred tax assets	19	145,752	102,826
		3,397,177	3,630,267
CURRENT ASSETS			
Inventories	20	5,020,147	4,946,314
Trade and other receivables	21	2,094,184	2,124,515
Taxation recoverable		34,752	71,232
Financial assets at fair value through profit or loss	22	220,581	–
Bank deposits over three months	23	653,627	846,510
Cash and cash equivalents	23	640,441	1,419,052
		8,663,732	9,407,623
CURRENT LIABILITIES			
Trade and other payables	24	1,739,264	2,349,583
Contract liabilities	25	249,788	314,030
Taxation payable		8,130	12,396
Bank borrowings	26	–	39,273
Lease liabilities	27	487,688	538,548
		2,484,870	3,253,830
NET CURRENT ASSETS		6,178,862	6,153,793
TOTAL ASSETS LESS CURRENT LIABILITIES		9,576,039	9,784,060

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2025

	NOTES	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	19	19,656	21,293
Lease liabilities	27	654,532	891,971
		674,188	913,264
NET ASSETS			
		8,901,851	8,870,796
CAPITAL AND RESERVES			
Share capital	28	46,438	46,438
Reserves		8,740,557	8,728,047
Equity attributable to owners of the Company		8,786,995	8,774,485
Non-controlling interests		114,856	96,311
TOTAL EQUITY			
		8,901,851	8,870,796

The consolidated financial statements on pages 82 to 163 were approved and authorised for issue by the board of directors of the Company on March 11, 2026 and are signed on its behalf by:

Hu, Chia-Ho
EXECUTIVE DIRECTOR

Chen, Li-Chieh
EXECUTIVE DIRECTOR AND
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

	Equity attributable to owners of the Company														Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000 (Note 28)	Share premium RMB'000	Special reserve RMB'000 (note (i))	Other reserve RMB'000 (note (ii))	Revaluation reserve RMB'000	Merger reserve RMB'000 (note (iii))	Property revaluation reserve RMB'000	Reserve on instruments at FVTOCI RMB'000	Shares held under share award scheme RMB'000	Share award reserve RMB'000	Non-distributable reserve RMB'000 (note (iv))	Translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000		
At January 1, 2024	46,438	5,145,233	676,506	(1,484,754)	55,395	29,544	6,381	(355)	(204,188)	4,288	1,133,375	(14,757)	3,125,025	8,518,131	92,450	8,610,581
Fair value gain on investments in equity instrument at fair value through other comprehensive income	-	-	-	-	-	-	1,256	-	-	-	-	-	-	1,256	-	1,256
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	3,240	-	-	3,240	-	3,240
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	491,497	-	491,497	6,325	497,822
Total comprehensive income for the year	-	-	-	-	-	-	1,256	-	-	-	3,240	491,497	-	495,993	6,325	502,318
Recognition of equity-settled share-based payments, net of amount lapsed relating to share awards not yet vested	-	-	-	-	-	-	-	-	3,985	-	-	-	-	3,985	-	3,985
Share award vested	-	-	-	-	-	-	-	6,536	(4,782)	-	-	(1,754)	-	-	-	-
Deregistration of a non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,864)	(3,864)
Release upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	(51,570)	-	51,570	-	-	-	-
Dividend recognised as distribution (Note 10)	-	-	-	-	-	-	-	-	-	-	-	(243,624)	-	(243,624)	-	(243,624)
Capital contribution by a non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,400	1,400
Transfer	-	-	-	-	-	-	-	-	-	-	29,778	-	(29,778)	-	-	-
At December 31, 2024	46,438	5,145,233	676,506	(1,484,754)	55,395	29,544	6,381	901	(197,652)	3,491	1,111,583	(11,517)	3,392,936	8,774,485	96,311	8,870,796
Fair value loss on investments in equity instrument at fair value through other comprehensive income	-	-	-	-	-	-	-	(716)	-	-	-	-	-	(716)	-	(716)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-	(657)	-	(657)	-	(657)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	210,771	-	210,771	18,545	229,316
Total comprehensive (expense) income for the year	-	-	-	-	-	-	(716)	-	-	-	(657)	210,771	-	209,998	18,545	227,943
Recognition of equity-settled share-based payments, net of amount lapsed relating to share awards not yet vested	-	-	-	-	-	-	-	-	-	6,892	-	-	-	6,892	-	6,892
Share award vested	-	-	-	-	-	-	-	12,833	(5,095)	-	-	(7,738)	-	-	-	-
Release upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	(19,163)	-	19,163	-	-	-
Dividend recognised as distribution (Note 10)	-	-	-	-	-	-	-	-	-	-	-	(203,780)	-	(203,780)	-	(203,780)
Transfer	-	-	-	-	-	-	-	-	-	-	44,999	-	(44,999)	-	-	-
At December 31, 2025	46,438	5,145,233	676,506	(1,484,754)	55,395	29,544	6,381	185	(184,819)	5,288	1,137,419	(12,174)	3,366,353	8,786,995	114,856	8,901,851



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

notes:

- (i) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in 2008.
- (ii) The other reserve represents the difference between the fair value of the consideration paid or received and the relevant share of carrying value of the subsidiaries' net assets/liabilities acquired from or disposed of to the non-controlling interests, after re-attribution of relevant reserve.
- (iii) The merger reserve represents the difference in the fair value of the consideration paid to Yue Yuen (as defined in Note 1) for the acquisition of subsidiaries controlled by Yue Yuen and the share capital and premium of the acquired subsidiaries.
- (iv) According to the relevant laws in the People's Republic of China (the "PRC"), the subsidiaries of the Company established in the PRC are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The non-distributable reserve fund can be used to offset the previous years' losses, if any.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	340,101	688,208
Adjustments for:		
Depreciation of property, plant and equipment	306,690	324,456
Depreciation of right-of-use assets	645,988	758,336
Impairment loss on right-of-use assets	22,618	–
Amortisation of intangible assets	14,031	11,393
Net changes in allowance for inventories	(12,850)	(16,556)
Impairment losses (reversal) recognised on trade receivables, net	(10,476)	2,100
Impairment losses recognised (reversal) on other receivables, net	1,410	(978)
Interest expenses	53,974	67,796
Interest income	(37,549)	(49,978)
Recognition of equity-settled share-based payments, net of amount lapsed relating to share awards not yet vested	6,892	3,985
Loss on disposal of property, plant and equipment	15,370	10,110
Fair value changes on investment properties	5,800	3,200
Fair value changes on financial assets at fair value through profit or loss	(752)	–
Operating cash flows before movements in working capital	1,351,247	1,802,072
Decrease (increase) in prepayments	105,501	(11,007)
Increase in trade and other receivables	(55,949)	(23,878)
Increase in inventories	(60,983)	(225,045)
Decrease in trade and other payables	(601,465)	(159,038)
(Decrease) increase in contract liabilities	(64,242)	10,304
Cash generated from operations	674,109	1,393,408
Income tax paid	(123,134)	(208,815)
NET CASH FROM OPERATING ACTIVITIES	550,975	1,184,593

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Placement of bank deposits over three months	(1,243,661)	(1,273,740)
Payment/deposits paid for acquisition of property, plant and equipment	(225,929)	(349,664)
Payment for acquisition of intangible assets	(17,495)	(21,731)
Payments for right-of-use assets	(6,089)	(9,148)
Withdrawal of bank deposits over three months	1,346,509	1,036,000
Refund of rental deposits	5,184	26,710
Interest received	37,227	49,978
Proceeds from disposal of property, plant and equipment	1,584	7,229
Purchases of financial assets at fair value through profit or loss	(370,000)	–
Purchases of other financial assets at amortised cost	(49,746)	–
Proceeds from disposal of financial assets at fair value through profit or loss	150,171	–
NET CASH USED IN INVESTING ACTIVITIES	(372,245)	(534,366)
FINANCING ACTIVITIES		
Repayments of bank borrowings	(314,909)	(273,539)
Repayments of lease liabilities, including related interests	(710,671)	(817,920)
Dividends paid	(203,780)	(243,624)
Interest paid on bank borrowings and advances from a related party	(2,814)	(2,082)
New bank borrowings raised	273,542	275,561
Capital contribution by non-controlling interests	–	1,400
NET CASH USED IN FINANCING ACTIVITIES	(958,632)	(1,060,204)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(779,902)	(409,977)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,419,052	1,827,563
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,291	1,466
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	640,441	1,419,052



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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 (“BVI”) and the ultimate parent of the Company is Pou Chen Corporation (“PCC”), 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 (“Yue Yuen”), 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.

The Company is an investment holding company. The principal activities of the Group are set out in Notes 5 and 37.

2. APPLICATION OF NEW AND 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
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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 these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to “Basis of Preparation of Financial Statements” upon effective of HKFRS 18) and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity (other reserve) and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued) *Business combinations (Continued)*

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or HK(IFRIC)-Int 21 “Levies”, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 “Leases”) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low-value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued) *Business combinations (Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment assessment, goodwill is allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or groups of CGUs) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the CGU (or groups of CGUs) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill, and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of CGUs). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Goodwill (Continued)

On disposal of the relevant CGU or any of the CGUs within the groups of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within groups of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the groups of CGUs) retained.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued) *Revenue from contracts with customers (Continued)*

Provision on customer loyalty programme

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to redeem award points for cash discount in the future which provides a material right to the customers and gives rise to a separate performance obligation. The transaction price is allocated to the product and the award points, taking into account for the expected likelihood of redemption, on a relative stand-alone selling price basis. Revenue from the award points is recognised when the award points are redeemed. Contract liabilities are recognised until the award points are redeemed. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, based on revised lease payments (including non-lease components) and lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plan, state managed retirement benefit schemes and the Mandatory Provident Fund Schemes (“MPF Schemes”) are recognised as an expense when employees have rendered service entitling them to the contributions.

Employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share award scheme

When the trustee of the share award scheme purchases the Company’s shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as shares held under share award scheme and deducted from total equity.

The fair value of services received determined by reference to the fair value of shares awarded at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share award reserve).

At the end of each reporting period, service and non-market performance vesting conditions are included in the estimation about the number of share awards that are expected to vest, the Group revises its estimate of the number of share awards that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share award reserve.

When the trustee transfers the Company’s shares to grantees upon vesting, the related costs of the granted shares vested are reversed from shares held under share award scheme. Accordingly, the related expense of the granted shares is reversed from the share award reserve. The difference arising from such transfer is debited/credited to accumulated profits.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated income statement because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued) *Taxation (Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued) *Property, plant and equipment (Continued)*

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position, except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to accumulated profits.

Depreciation is recognised to write off the cost of assets less their residual values, over their estimated useful lives, using the straight-line method. The estimated useful life, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued) *Investment properties (Continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include cash, which comprises of cash on hand and demand deposits and cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of short-term financial instruments, bank balances and cash as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets, estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) **Amortised cost and interest income**

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) **Equity instrument designated at FVTOCI**

Investment in an equity instrument at FVTOCI is subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and is not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investment, and will be transferred to accumulated profits.

Dividends from the investments in equity instrument is recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other operating income and gains (losses)" line item in profit or loss.

(iii) **Financial assets at FVTPL**

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other operating income and gains (losses)" line item.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, other financial assets at amortised cost and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on bank balances and other financial assets at amortised cost have not increased significantly since initial recognition if the relevant bank and bond issuer are determined to have low credit risk at the reporting date. A bank and bond issuer are determined to have low credit risk if i) it has a low risk of default, ii) the bank and bond issuer have a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the bank to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

ECL for trade receivables is considered using provision matrix. The trade receivables are grouped on the basis of past-due status.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other operating income and gains (losses)' line item (Note 6a) as part of the net exchange gains (losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains (losses)' line item as part of the fair value gain of a currency swaps contract (Note 6c);
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the reserve on instruments at FVTOCI.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments, including those through share award scheme, is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities, including amounts due to related parties, amount due to a non-controlling interest of a subsidiary, bank borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other operating income and gain (losses)' line item in profit or loss (note 6a) as part of net exchange gains (losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Discount rates determination for lease liabilities

In determining the discount rates for lease liabilities, the Group is required to exercise considerable judgment in relation to determining the discount rates taking into account the nature of the underlying assets, the terms and conditions of the leases, credit worthiness of the relevant group entities and economic environment at both the commencement date and the effective date of the modification.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) *Estimated impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the recoverable amounts of several groups of CGUs which are engaged in the business of distribution and retailing of sportswear and footwear products and provision of large scale commercial spaces to retailers and distributors for commissions from concessionaire sales to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the present value of the future cash flows expected to arise from the above groups of CGUs containing goodwill using a suitable discount rate. Where actual cash flows are less than expected or changes in facts and circumstances which results in downward revision of future cash flows, or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at December 31, 2025, the carrying amount of goodwill is RMB522,163,000 (2024: RMB522,163,000). Details of the recoverable amount calculation are disclosed in Note 16.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(ii) Allowance for inventories

The management of the Group reviews the aging and saleability of the inventories amounting to RMB5,020,147,000 (2024: RMB4,946,314,000) at the end of the reporting period, and makes allowance for those inventories with carrying amounts higher than their net realisable values, including obsolete and slow-moving inventory items identified that are no longer saleable in the market. The management of the Group estimates the net realisable value for such items based primarily on the latest transaction prices and current market condition. The Group carries out an inventory review on aging categories at the end of the reporting period and makes allowance for obsolete and slow-moving inventory items. Where the actual transaction prices are different from expected, the provision may be subject to change. The net changes in allowance for inventories credited to the consolidated income statement for the year ended December 31, 2025 was RMB12,850,000 (2024: credited of RMB16,556,000) upon review of saleability of the inventory balance remained at the end of the reporting period. Accumulated allowance made as at December 31, 2025 was RMB124,830,000 (2024: RMB137,628,000).

(iii) Income taxes

As at December 31, 2025, a deferred tax asset of RMB139,735,000 (2024: RMB86,119,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB1,129,567,000 (2024: RMB1,694,163,000) due to the unpredictability of future profit streams. The reliability of the deferred tax asset arising from the unused tax losses mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, a material reversal or future recognition of deferred tax asset may further arise, which would be recognised in profit or loss for the period in which such reversal or future recognition takes place.

In addition, the Group provides deferred tax liabilities in relation to the earnings expected to be distributed from its subsidiaries in the PRC. Deferred tax liabilities have not been provided on all distributable profits of these entities as the Group plans to retain the profits in the respective entities for their daily operations and future developments. In case where the actual distribution of profits are larger than expected or changes in the Group's future development plan which affects the expected timing and amounts of future distributions, material tax liabilities may arise, which will be recognised in profit or loss in the period in which such events occur.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iv) *Provision of ECL for trade receivables*

The Group uses practical expedient in estimating ECL on the trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging status of trade receivables as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable, supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables that are credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 35(b) and Note 21.

(v) *Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets*

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) if such event or indicator exists, whether the carrying value of an asset can be supported by the recoverable amount, which is the higher of value in use and fair value less costs of disposal; (3) the appropriate key inputs to be applied in estimating the recoverable amounts. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The Group has material leasehold improvements and right-of-use assets in the retail stores which are subject to impairment test in the event of performance being below expectation. In addition, intangible assets allocated to several groups of CGUs are subject to impairment assessment test when indicator exists in any of the CGU within the groups of CGUs in which the relevant intangible assets have been allocated to. Impairment assessments were carried out against retail stores which are still underperformed after one year's operation since open and the related groups of CGUs in which the intangible assets are allocated. As at December 31, 2025, the Group performed impairment assessment on certain CGUs/groups of CGUs with impairment indicators. Impairment losses on right-of-use assets of RMB22,618,000 has been recognised against the carrying amounts of the right-of-use assets, and no impairment losses on property, plant and equipment and intangible assets were recognised. Details of the impairment losses on right-of-use assets are disclosed in note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

5. 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 Retail Business”). 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 RMB’000	2024 RMB’000
Sales of sportswear and footwear products	17,031,462	18,342,410
Commissions from concessionaire sales	100,665	111,513
	17,132,127	18,453,923

The Group sells the sportswear and footwear products to the wholesale market and directly to customers through its own retail stores and counters in department stores and through internet sales. Revenue is recognised at the point when control of the goods has been physically transferred to customers.

For the commissions from concessionaire sales, revenue is recognised at the point upon the sale of goods by the relevant concessionaries.

Information about major customers

The directors of the Company are not aware of any customer that individually contributed over 10% of the consolidated revenue from external customers for both year ended December 31, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

5. REVENUE AND SEGMENTAL INFORMATION (Continued)

Geographical information

The Group's operations are mainly located in the PRC.

The following table provides an analysis of the Group's revenue by geographical location of customers, irrespective of the origin of the goods and information about its non-current assets by geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
PRC	16,949,026	18,294,195	2,569,302	3,084,625
Other locations	183,101	159,728	7,833	1,888
	17,132,127	18,453,923	2,577,135	3,086,513

6. OTHER INCOME AND GAINS (LOSSES)

(a) Other operating income and gains (losses)

	2025 RMB'000	2024 RMB'000
Included in other operating income and gains (losses) are the following items:		
Net exchange loss	(2,750)	(15)
Subsidy income from governments	44,657	66,192
Loss on disposal of property, plant and equipment	(15,370)	(10,110)
Impairment losses reversal (recognised) on trade receivables, net	10,476	(2,100)
Impairment losses (recognised) reversal on other receivables, net (note)	(1,410)	978

note: Impairment losses provision has been recognised based on the impairment assessment under ECL model at the end of each reporting period, having considered the relevant other receivables are credit-impaired due to deteriorated operating results of relevant debtors leading to financial difficulties for repayment. During the year ended December 31, 2025, net impairment losses of RMB1,410,000 has been recognised (2024: net impairment losses reversal of RMB978,000 recognised).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

6. OTHER INCOME AND GAINS (LOSSES) (Continued)

(b) Finance income and costs

	2025 RMB'000	2024 RMB'000
Interest expense on:		
– bank borrowings	(2,583)	(2,002)
– advance from a non-controlling interest of a subsidiary	(91)	(102)
– lease liabilities	(51,300)	(65,692)
	(53,974)	(67,796)
Interest income from:		
– bank deposits	37,227	49,978
– other financial assets at amortised cost	322	–
	37,549	49,978
	(16,425)	(17,818)

(c) Other gains (losses) arising other than operating activities

	2025 RMB'000	2024 RMB'000
Fair value gain on financial assets at FVTPL	752	–
Fair value changes on investment properties	(5,800)	(3,200)
	(5,048)	(3,200)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

7. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Taxation attributable to the Company and its subsidiaries:		
PRC Enterprise Income Tax ("EIT")		
– current year	151,214	183,834
– overprovision in prior years	(24,866)	(14,460)
Withholding tax on dividend	29,000	15,254
Current tax charge	155,348	184,628
Deferred tax (credit) charge (Note 19)	(44,563)	5,758
	110,785	190,386

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 (the "EIT Law of PRC"), except for certain subsidiaries eligible for PRC EIT of 15% from local tax bureaus.

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

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2025 RMB'000	2024 RMB'000
Profit before taxation	340,101	688,208
Tax at the applicable domestic rates to profit of taxable entities in the countries concerned	99,626	220,660
Tax effect of expenses not deductible for tax purposes	22,895	18,215
Tax effect of income not taxable for tax purposes	(8,667)	(11,734)
Effect of tax losses not recognised	146	1,506
Utilisation of tax losses previously not recognised	(7,349)	(39,055)
Overprovision of tax in prior years	(24,866)	(14,460)
Withholding tax on dividend	29,000	15,254
Income tax expenses for the year	110,785	190,386

note: The Group operates in regions with different statutory tax rates, separate reconciliations using the domestic tax rate in each individual tax jurisdiction have been aggregated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

8. PROFIT FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' and the chief executives' emoluments (Note 9(a))	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	1,688,191	1,804,779
Total staff costs	2,044,887	2,150,797
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) (Note 14)	22,618	–
Gross rental income from investment properties, net of direct expenses	(5,482)	(5,736)
Net changes in allowance for inventories	(12,850)	(16,556)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

9. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS AND INTEREST OF DIRECTORS

(a) Directors' and chief executives' emoluments

Details of emoluments of each of the eleven (2024: nine) directors, former directors and chief executives of the Company for the year disclosed pursuant to the applicable Listing Rules and Companies Ordinance, are set out as follows:

	Fees RMB'000	Salaries and other allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contributions RMB'000	Equity- settled share-based payments RMB'000	Total RMB'000
For the year ended December 31, 2025						
<i>Executive directors:</i>						
Hu, Chia-Ho	-	440	-	-	-	440
Chang, Su-Ching (note ii)	-	692	1,400	19	326	2,437
Chen, Li-Chieh	-	742	-	-	51	793
Yu Huan-Chang (note iii)	-	246	-	-	-	246
<i>Non-executive directors:</i>						
Chiu, Hui-Yao (note i)	-	-	-	-	87	87
Tsai Patty, Pei Chun	-	-	-	-	-	-
Li I-nan	137	-	-	-	-	137
<i>Independent non-executive directors:</i>						
Liu, Hsi-Liang	275	-	-	-	-	275
Chen, Huan-Chung	275	-	-	-	-	275
Feng Lei Ming	275	-	-	-	-	275
<i>Chief executive officer:</i>						
Wang Jun (note iv)	-	222	-	74	-	296
	962	2,342	1,400	93	464	5,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

9. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS AND INTEREST OF DIRECTORS (Continued)

(a) Directors' and chief executives' emoluments (Continued)

	Fees RMB'000	Salaries and other allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contributions RMB'000	Equity- settled share-based payments RMB'000	Total RMB'000
For the year ended December 31, 2024						
<i>Executive directors:</i>						
Yu Huan-Chang (note iii)	-	715	-	-	134	849
Hu, Chia-Ho	-	438	-	-	-	438
Chen, Li-Chieh	-	740	-	-	-	740
<i>Non-executive directors:</i>						
Tsai Patty, Pei Chun	-	-	-	-	-	-
Li I-nan	137	-	-	-	-	137
<i>Independent non-executive directors:</i>						
Liu, Hsi-Liang	274	-	-	-	-	274
Chen, Huan-Chung	274	-	-	-	-	274
Feng Lei Ming	274	-	-	-	-	274
<i>Chief executive officer:</i>						
Wang Jun (note iv)	-	900	654	203	178	1,935
	959	2,793	654	203	312	4,921

note i: Chiu, Hui-Yao was appointed as a non-executive director and the chairman of the Company with effect from April 22, 2025.

note ii: Chang, Su-Ching was appointed as an executive director and the chief executive officer of the Company with effect from April 22, 2025.

note iii: Yu Huan-Chang resigned as an executive director and chairman of the Company with effect from April 14, 2025.

note iv: Wang Jun resigned as the chief executive officer of the Company with effect from April 14, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

9. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS AND INTEREST OF DIRECTORS (Continued)

(a) Directors' and chief executives' emoluments (Continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Except for disclosed above, other executive directors or former directors either did not receive any salary from the Group or is a member of a pension scheme outside Hong Kong, for which the Group was exempted from making contribution to the pension scheme in Hong Kong or other jurisdictions for these directors and former directors.

(b) Emoluments of senior management

Of the eight (2024: eight) senior management of the Company for the year ended December 31, 2025, four (2024: three) of them were chairman and executive directors of the Company and their remuneration has been disclosed in Note 9(a). The emoluments of the remaining four (2024: five) individuals for the year are within the following bands.

	2025 Number of employees	2024 Number of employees
Less than Hong Kong dollars ("HK\$") \$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$2,000,001 to HK\$2,500,000	1	2
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	1	2
	4	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

9. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS AND INTEREST OF DIRECTORS (Continued)

(c) Five highest paid employees

Of the five (2024: five) employees with the highest emoluments in the Group for the year ended December 31, 2025, one of them is director of the Company (2024: none of them). The emoluments of the four (2024: five) individuals for the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other allowances	4,283	5,065
Bonus	3,358	7,041
Retirement benefit scheme contributions	452	595
Equity-settled share-based payment	1,264	695
	9,357	13,396

Their emoluments were within the following bands:

	2025 Number of employees	2024 Number of employees
HK\$2,000,001 to HK\$2,500,000	2	–
HK\$2,500,001 to HK\$3,000,000	1	3
HK\$3,000,001 to HK\$3,500,000	1	2
	4	5

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid employees (including directors and the chief executive and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors nor the chief executive has waived any emoluments during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

9. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS AND INTEREST OF DIRECTORS (Continued)

(d) Transactions, arrangements or contracts in which directors of the Company have interests

Mr. Chiu, Hui-Yao (appointed as a non-executive director of the Company on April 22, 2025) was interested in 653,000 shares in Yue Yuen, and 80,000 of them were awarded shares which remained unvested and subject to certain vesting conditions as at December 31, 2025.

Mr. Hu, Chia-Ho was interested in 574,000 (2024: 458,000) shares in Yue Yuen, and 80,000 (2024: 45,000) of them were awarded shares which remained unvested and subject to certain vesting conditions as at December 31, 2025.

Mr. Chen, Li-Chieh was interested in 40,000 (2024: nil) shares in Yue Yuen, and 40,000 (2024: nil) of them were awarded shares which remained unvested and subject to certain vesting conditions as at December 31, 2025.

10. DIVIDENDS

	2025 RMB'000	2024 RMB'000
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)	54,522	93,486
	203,780	243,624

Subsequent to the end of the reporting period, final dividend in respect of the year ended December 31, 2025 of HK\$0.002 per share (2024: HK\$0.01) and a special dividend of HK\$0.002 per share (2024: HK\$0.01) in respect of the year ended December 31, 2025 have been proposed by the directors of the Company and will be paid to the shareholders of the Company whose names appear on the register of members of the Company on June 2, 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

11. 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 RMB'000	2024 RMB'000
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 (see Note 29).

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.

12. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At January 1, 2024	129,700
Decrease in fair value recognised in profit or loss	(3,200)
At December 31, 2024	126,500
Decrease in fair value recognised in profit or loss	(5,800)
At December 31, 2025	120,700



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

12. INVESTMENT PROPERTIES (Continued)

The Group leases out various shopping mall spaces under operating leases. The leases typically run for an initial period of 5 to 15 years. The leases of retail stores contain minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

As at December 31, 2025 and 2024, the fair value of the Group's investment properties situated in the PRC has been arrived at based on a valuation carried out by APAC Asset Valuation and Consulting Limited ("APAC Asset Valuation") which is an independent qualified professional valuer not connected with the Group. The fair value was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties. The market yield is determined by reference to the yields derived from analysing the rental and market price of similar properties in the PRC.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change from the valuation technique used in the prior year.

All of the Group's investment properties are commercial properties located in the PRC and classified as Level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the year.

One of the key inputs used in valuing the investment properties was the market yield, which ranged from 4.50% to 7.20% (2024: 4.40% to 7.50%) per annum. A significant increase in the market yield used would result in a significant decrease in fair value measurement of the respective investment properties, and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Office and shopping mall buildings RMB'000	Buildings and warehouses RMB'000	Plant and machinery RMB'000	Leasehold improvements RMB'000	Furniture, fixture and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST								
At January 1, 2024	58,523	47,181	359,538	40,181	1,662,968	431,223	21,837	2,621,451
Additions	-	-	-	731	325,682	18,998	1,032	346,443
Disposals	-	-	-	-	(280,841)	(23,427)	(1,684)	(305,952)
Exchange realignment	-	-	-	-	(328)	(462)	(16)	(806)
At December 31, 2024	58,523	47,181	359,538	40,912	1,707,481	426,332	21,169	2,661,136
Additions	-	-	-	1,292	209,839	14,684	863	226,678
Disposals	-	-	-	(414)	(307,306)	(32,716)	(2,634)	(343,070)
Exchange realignment	-	-	-	-	160	219	7	386
At December 31, 2025	58,523	47,181	359,538	41,790	1,610,174	408,519	19,405	2,545,130
DEPRECIATION AND IMPAIRMENT								
At January 1, 2024	23,486	7,609	222,991	36,218	1,213,240	319,838	16,501	1,839,883
Provided for the year	1,249	1,396	10,741	516	270,127	38,723	1,704	324,456
Eliminated on disposals	-	-	-	-	(264,115)	(23,046)	(1,453)	(288,614)
Exchange realignment	-	-	-	-	(300)	(409)	(14)	(723)
At December 31, 2024	24,735	9,005	233,732	36,734	1,218,952	335,106	16,738	1,875,002
Provided for the year	1,249	1,396	10,636	602	261,251	30,619	937	306,690
Eliminated on disposals	-	-	-	(331)	(291,769)	(31,635)	(2,380)	(326,115)
Exchange realignment	-	-	-	-	138	197	6	341
At December 31, 2025	25,984	10,401	244,368	37,005	1,188,572	334,287	15,301	1,855,918
CARRYING VALUE								
At December 31, 2025	32,539	36,780	115,170	4,785	421,602	74,232	4,104	689,212
At December 31, 2024	33,788	38,176	125,806	4,178	488,529	91,226	4,431	786,134



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

All buildings, office and shopping mall buildings and factory buildings and warehouses are erected on land with medium-term land use rights in the PRC.

In addition, the Group owns several office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements as at December 31, 2025 was RMB13,310,000 (2024: RMB16,967,000).

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings/office and shopping mall buildings/buildings and warehouses	2% – 3% or shorter of the lease term
Plant and machinery	5% – 15%
Leasehold improvements	10% – 50% or shorter of the lease term
Furniture, fixture and equipment	20% – 30%
Motor vehicles	20% – 30%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

14. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Retail stores RMB'000	Warehouses RMB'000	Office buildings RMB'000	Total RMB'000
As at December 31, 2025					
Carrying amount	18,512	990,954	34,686	62,767	1,106,919
As at December 31, 2024					
Carrying amount	19,108	1,237,061	62,260	79,935	1,398,364
For the year ended December 31, 2025					
Depreciation charge	595	592,817	18,299	34,277	645,988
For the year ended December 31, 2024					
Depreciation charge	595	701,392	19,582	36,767	758,336
				2025 RMB'000	2024 RMB'000
Expense relating to short-term leases				50,546	66,602
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets				318	341
Variable lease payments not included in the measurement of lease liabilities				841,426	923,544
Total cash outflow for leases				1,609,050	1,817,555
Additions to right-of-use assets, net of early termination and modification				377,162	413,628



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

14. RIGHT-OF-USE ASSETS (Continued)

The Group leases various leasehold lands, retail stores, warehouses and office buildings for its operations. Majority of the lease contracts are entered into for lease term of 2 to 6 years (2024: 2 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for properties. As at December 31, 2025, the size of portfolio of short-term leases decreased compared to those entered in 2024. The short-term lease expense were approximately RMB50,546,000 during the year ended December 31, 2025 (2024: RMB66,602,000).

Leases of properties are either with only fixed lease payments or contain variable lease payment that are based on certain percentage of sales and minimum annual lease payment that are fixed over the lease term. Some variable payment terms include cap clauses.

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expenses are expected to continue to represent a similar proportion of store sales in future years.

Lease committed

As at December 31, 2025, the Group entered into new leases for several retail stores, warehouses and office buildings that have not yet commenced, with average non-cancellable period ranging from 1 to 3 years (2024: 1 to 6 years), the total future undiscounted cash flows over the non-cancellable period amounted to RMB11,871,000 (2024: RMB41,028,000).

Impairment assessment of property, plant and equipment and the right-of-use assets

Giving the adverse performance of certain of the Group's retail stores, the management concluded there was indication for impairment and performed impairment assessment for certain retail stores in the PRC. The Group estimates the recoverable amount of the cash-generating unit to which the assets belong to when it is not possible to estimate the recoverable amount individually including allocation of corporate assets when reasonable and consistent basis can be established. Each cash-generating unit represents the Group's retail store in PRC. The recoverable amount of cash generating unit has been determined based on a value in use calculation using cash flow projections based on forecasts approved by the management of the Group covering the remaining lease terms as at December 31, 2025. The forecasted revenue and gross profit margin have been determined with reference to the expected market development and the past performance of the retail stores. The management conducted impairment assessment on recoverable amounts of the property, plant and equipment and the right-of-use assets which were impaired to their recoverable amounts as disclosed in this note and Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

14. RIGHT-OF-USE ASSETS (Continued)

Impairment assessment of property, plant and equipment and the right-of-use assets (Continued)

Based on the result of the assessment, management of the Group determined that the recoverable amounts of certain cash-generating units are higher than the corresponding carrying amounts. The impairment amount has been allocated to each category of the property, plant and equipment and the right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its value in use, fair value less costs of disposal and zero. Based on the value in use calculations and the allocation, impairment loss of RMB22,618,000 (2024: Nil) has been recognised against the carrying amounts of the right-of-use assets. No impairment loss on property, plant and equipment was recognised for the year ended December 31, 2025 and 2024 after the impairment assessment.

15. INTANGIBLE ASSETS

	Brand names RMB'000	Licensing agreements RMB'000	Non-compete agreements RMB'000	Computer software RMB'000	Total RMB'000
COST					
At January 1, 2024	467,340	37,325	158,534	33,072	696,271
Additions	-	-	-	21,731	21,731
Write off	-	-	(9,434)	-	(9,434)
At December 31, 2024	467,340	37,325	149,100	54,803	708,568
Additions	-	-	-	17,495	17,495
Write off	-	-	-	(36)	(36)
Exchange realignment	-	-	-	2	2
At December 31, 2025	467,340	37,325	149,100	72,264	726,029
AMORTISATION AND IMPAIRMENT					
At January 1, 2024	467,340	37,325	105,786	-	610,451
Provided for the year	-	-	6,551	4,842	11,393
Write off	-	-	(9,434)	-	(9,434)
At December 31, 2024	467,340	37,325	102,903	4,842	612,410
Provided for the year	-	-	6,551	7,480	14,031
Write off	-	-	-	(36)	(36)
Exchange realignment	-	-	-	1	1
At December 31, 2025	467,340	37,325	109,454	12,287	626,406
CARRYING VALUE					
At December 31, 2025	-	-	39,646	59,977	99,623
At December 31, 2024	-	-	46,197	49,961	96,158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

15. INTANGIBLE ASSETS (Continued)

The management of the Group considers brand names, licensing agreements, non-compete agreements and computer software have finite useful lives and are amortised on a straight-line basis over the following periods:

Brand names	5 years
Licensing agreements	10 years
Non-compete agreements	5 to 20 years
Computer software	3 to 10 years

16. GOODWILL

	RMB'000
COST	
At January 1, 2024	533,166
Exchange realignment	(534)
At December 31, 2024	532,632
Exchange realignment	248
At December 31, 2025	532,880
IMPAIRMENT	
At January 1, 2024	11,003
Exchange realignment	(534)
At December 31, 2024	10,469
Exchange realignment	248
At December 31, 2025	10,717
CARRYING VALUE	
At December 31, 2025	522,163
At December 31, 2024	522,163

For the purpose of impairment assessment, goodwill of the Group is allocated to several groups of CGUs which are engaged in the business of 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 basis of recoverable amount of each of the above groups of CGUs has been determined based on its value in use calculation, and assessed by the management as at December 31, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

16. GOODWILL (Continued)

These calculations use cash flow projections based on financial budgets approved by management covering a five-year period and pre-tax discount rates ranging from 18% to 19% (2024: 19% to 20%), determined by an independent qualified professional valuer, APAC Asset Valuation for the groups of CGUs. The cash flows beyond the five-year period are extrapolated using a steady growth rate of 2% (2024: 2%) for all of the above groups of CGUs. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which included budgeted sales and gross margin, such estimation is based on above groups of CGUs' past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the above groups of CGUs to fall below its carrying amount.

17. INTERESTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Cost of unlisted investments in joint ventures	7,100	27,100
Share of post-acquisition losses, net of dividends received	(7,100)	(27,100)
	-	-

In April 2025, one of the Group's joint ventures was deregistered. No gain or loss was recognised in respect of the deregistration.

18. OTHER FINANCIAL ASSETS AT AMORTISED COST

Other financial assets at amortised cost represented the bond securities listed on the Stock Exchange with fixed coupon interest at 2.50% per annum semi-annually and maturity date on September 23, 2035.

19. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	(145,752)	(102,826)
Deferred tax liabilities	19,656	21,293
	(126,096)	(81,533)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

19. DEFERRED TAX ASSETS/LIABILITIES (Continued)

The followings are the major deferred tax liabilities (assets) recognised and movements thereon during current and prior years:

	Undistributed earnings of PRC entities RMB'000	Fair value adjustments of intangible assets on business combination RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Tax losses RMB'000	Total RMB'000
At January 1, 2024	9,746	13,185	412,277	(435,567)	(86,932)	(87,291)
(Credit) charge to profit or loss (Note 7)	-	(1,638)	(80,354)	86,937	813	5,758
At December 31, 2024	9,746	11,547	331,923	(348,630)	(86,119)	(81,533)
(Credit) charge to profit or loss (Note 7)	-	(1,637)	(61,385)	72,075	(53,616)	(44,563)
At December 31, 2025	9,746	9,910	270,538	(276,555)	(139,735)	(126,096)

As at December 31, 2025, the Group had unused tax losses of approximately RMB1,688,507,000 (2024: approximately RMB2,020,635,000) available for offset against future profits with majority that will gradually expire in five years' time. A deferred tax asset has been recognised in respect of RMB558,940,000 (2024: RMB326,472,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB1,129,567,000 (2024: approximately RMB1,694,163,000) due to unpredictability of future profit streams.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from January 1, 2008. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB8,398 million (2024: approximately RMB8,548 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Sportswear and footwear products	5,020,147	4,946,314

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FOR THE YEAR ENDED DECEMBER 31, 2025

21. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	815,681	973,701
Deposits, prepayments and other receivables	1,278,503	1,150,814
	2,094,184	2,124,515
Deposits, prepayments and other receivables represent:		
Rental deposits and prepaid rentals	132,113	116,469
Deposits and prepayments paid to suppliers	600,319	544,482
Value-added tax recoverable	414,675	371,313
Other prepaid expenses	75,326	81,710
Other deposits and receivables	56,070	36,840
	1,278,503	1,150,814

Before accepting any new wholesale customer, the Group has assessed the potential customer's credit quality and defines credit limits for each wholesale customer. Limits attributed to customers are reviewed periodically. For the sales through counters in department stores, the Group periodically reviews the settlement status of these department stores.

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

As at December 31, 2025, included in the Group's trade receivable balance were debtors with aggregate carrying amount of RMB20,236 (2024: Nil) which are past due over 60 days at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. Trade receivables which are neither past due nor impaired are in good quality with satisfactory repayment history in the past.

Details of impairment assessment of trade and other receivables for the year ended December 31, 2025 and 2024 are set out in Note 35(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Unlisted investment funds	220,581	–
Analysed for reporting purpose as: Current assets	220,581	–

23. CASH AND CASH EQUIVALENTS/BANK DEPOSITS OVER THREE MONTHS

Cash and cash equivalents include demand deposits, short-term time deposits and short-term financial instruments for the purpose of meeting the Group's short-term cash commitments, which are interest-bearing at market interest rates. All deposits have an original maturity of three months or less except for the deposits amounting to RMB527,840,000 (2024: RMB437,840,000) with original maturity over 12 months and therefore classified as non-current assets.

As at December 31, 2025, the bank deposits carried variable interest rates ranging from 0.01% to 1.55% (2024: 0.01% to 2.25%) per annum.

The bank deposits with original maturing over three months carry interests at market rates from 1.08% to 3.72% (2024: 0.92% to 3.00%) per annual with maturity:

	2025 RMB'000
Within one year	653,627
Within a period of more than one year but not exceeding two years	527,840
	1,181,467

The short-term financial instruments of RMB100,000,000 (2024: Nil) comprise national debt reverse repurchase products, being highly liquid debt securities with fixed maturities (within three months from subscription date) and determinable returns, and subject to insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

23. CASH AND CASH EQUIVALENTS/BANK DEPOSITS OVER THREE MONTHS (Continued)

The Group's cash and cash equivalents that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
United States dollars ("USD")	6,660	9,823
HK\$	445	487
RMB	–	4,412
	7,105	14,722

24. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	527,903	971,990
Deposits from customers	272,530	298,477
Amounts due to related parties (note i)	4,335	4,096
Accrued staff costs	200,386	240,654
Sales discount and rebate to customers	134,982	132,256
Renovation costs payables	91,196	99,910
Short-term leases, leases of low-value assets and variable lease payables	27,563	37,741
Storage fee payables	21,180	22,379
Sales received on behalf of concessionary sales customers	140,130	157,865
Other tax payables	50,678	57,174
Interest payables	54	194
Accrued operating expenses	268,327	326,847
	1,739,264	2,349,583

note:

- (i) The amounts represent amount due to a non-controlling interest of a subsidiary of RMB2,800,000 (2024: RMB2,800,000) which is unsecured, expected to be repaid within one year and carries fixed interest rate of 3.10% (2024: 3.45%) per annum and amount due to Yue Yuen and its subsidiaries of RMB1,535,000 (2024: RMB1,296,000), which are unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

24. TRADE AND OTHER PAYABLES (Continued)

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 RMB'000	2024 RMB'000
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.

25. CONTRACT LIABILITIES

Contract liabilities mainly included prepayments received from wholesale customers when they sign the sale and purchase agreements. They are expected to be recognised as revenue within one year upon receipt, and were recognised as revenue in current period upon the satisfaction of performance obligation, i.e. the delivery of goods to customers. The decrease (2024: increase) in contract liabilities in the current year was mainly due to the increased (2024: decreased) utilisation of customer deposit before the period end.

As at January 1, 2024, contract liabilities amounted to RMB303,726,000.

26. BANK BORROWINGS

The bank borrowings amounted to RMB39,273,000 were unsecured, interest-bearing, and fully repaid during the year.

	2025 RMB'000	2024 RMB'000
Fixed rate borrowings	–	39,273

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	2025	2024
Effective interest rate: Fixed rate borrowings	Nil	2.03% – 3.75%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

27. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	487,688	538,548
Within a period of more than one year but not exceeding two years	309,241	368,866
Within a period of more than two years but not exceeding five years	338,776	466,262
Within a period of more than five years	6,515	56,843
	1,142,220	1,430,519
Less: Amount due for settlement within one year shown under current liabilities	(487,688)	(538,548)
Amount due for settlement after one year shown under non-current liabilities	654,532	891,971

The incremental borrowing rates applied to lease liabilities in the PRC, Hong Kong and Taiwan range from 3.00% to 3.50% (2024: from 3.45% to 3.95%).

28. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At January 1, 2024, December 31, 2024 and 2025	30,000,000,000	300,000
Issued and fully paid:		
At January 1, 2024, December 31, 2024 and 2025	5,326,179,615	53,261
		RMB'000
Shown in the consolidated financial statements as at December 31, 2025 and 2024		46,438



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

29. SHARE AWARD SCHEME

The Company's share award scheme (the "Share Award Scheme") was adopted on May 9, 2014, duly amended on November 11, 2016, and further amended and restated on November 13, 2023 by the Board upon the recommendation by the remuneration committee of the Board (the "Remuneration Committee"). The objective of the Share Award Scheme is to recognise the contributions by certain persons, including directors of the Company and employees of the Group (the "Selected Participants") and to provide incentives to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The Share Award Scheme became effective on May 9, 2014 and, unless otherwise terminated or amended, was originally in force for 10 years. Given the original term of the Share Award Scheme was due to expire by the end of May 8, 2024, the Board held a meeting on November 13, 2023, upon recommendation by the Remuneration Committee, resolved to extend the Share Award Scheme for a further term of 10 years commencing on May 9, 2024 by amending and restating the rules and trust deed relating to the Share Award Scheme, which will also come into effect on May 9, 2024. Pursuant to the amendment and restatement, other than the term of the Share Award Scheme was being extended, certain other provisions of the rules and trust deed were also amended and restated to keep the Share Award Scheme abreast of the times and the latest requirements of the Listing Rules. In addition, to improve the effectiveness of the Share Award Scheme for motivating employees of the Group to strive for excellence in their work, the Board at the same time, upon recommendation by the Remuneration Committee, resolved to amend the general vesting condition that was in relation to the individual performance of the employees (i.e. attaining "good" or better performance rating for the appraisal conducted immediately preceding the vesting date of the relevant tranche of awarded Shares), for awarded Shares granted on or after May 9, 2024.

The Share Award Scheme is operated through a trustee which is independent of the Group. After the notification and instruction by the Company, the trustee has the right to, among other conditions, in its sole discretion, determine whether the shares are to be purchased on or off the Stock Exchange from time to time, unless during the year at which the directors of the Company are prohibited by the Listing Rules or any corresponding codes or securities dealing restrictions adopted by the Company.

The board of directors of the Company would notify the trustee of the Share Award Scheme in writing upon the making of any award to any participants. Upon the receipt of such notice, the trustee would set aside the appropriate number of awarded shares in the pool of shares. The relevant awarded shares shall vest in accordance with the conditions and timetable as set out in the relevant letter of award issued to the Selected Participant. Vesting of the award shares will be conditional on the Selected Participants remaining an employee of the Group on a vesting date and the board of directors has not determined to vary or cancel such an award for any reason (including but not limited to exceptionally poor performance, misconduct or material breach of the terms of employment or rules or policies of the Company). An award shall automatically lapse forthwith when a Selected Participant has taken unpaid leave of absence and does not return to work before the expiry of 24 months from the original vesting date, or ceases to be an employee of the Group, or the subsidiary employing the Selected Participant ceases to be a subsidiary of the Company, or an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company, or Selected Participant's employment is terminated for cause if the award has not been vested.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

29. SHARE AWARD SCHEME (Continued)

The Company has not purchased any share for share award scheme during the years ended December 31, 2025 and 2024. A total of 133,214,760 ordinary shares of the Company were held by the trustee of the Share Award Scheme as at December 31, 2025 (2024: 142,464,760 ordinary shares).

The following table discloses movements in the Company's share awards under the Share Award Scheme during the years ended December 31, 2025 and 2024:

	Date of grant	Vesting period	Number of share awards outstanding at			Vested during the year	Number of share awards outstanding at			Vested during the year	Number of share awards outstanding at December 31, 2025	
			January 1, 2024	Granted during the year	Lapsed/ cancelled during the year		December 31, 2024	Granted during the year	Lapsed/ cancelled during the year			Reclassified during the year (note v)
Director/Chief Executive Officer												
Chiu, Hui-Yao (note i)	18.08.2025	18.08.2025-17.02.2027	-	-	-	-	-	240,000	-	-	-	240,000
	18.08.2025	18.08.2025-17.02.2028	-	-	-	-	-	360,000	-	-	-	360,000
	18.08.2025	18.08.2025-17.08.2028	-	-	-	-	-	600,000	-	-	-	600,000
Chang, Su-Ching (note ii)	19.08.2024	19.08.2024-18.08.2025	-	-	-	-	-	-	-	400,000	(400,000)	-
	19.08.2024	19.08.2024-18.08.2026	-	-	-	-	-	-	-	400,000	-	400,000
	18.08.2025	18.08.2025-17.02.2027	-	-	-	-	-	200,000	-	-	-	200,000
	18.08.2025	18.08.2025-17.02.2028	-	-	-	-	-	300,000	-	-	-	300,000
	18.08.2025	18.08.2025-17.08.2028	-	-	-	-	-	500,000	-	-	-	500,000
Chen, Li-Chieh	18.08.2025	18.08.2025-17.02.2027	-	-	-	-	-	140,000	-	-	-	140,000
	18.08.2025	18.08.2025-17.02.2028	-	-	-	-	-	210,000	-	-	-	210,000
	18.08.2025	18.08.2025-17.08.2028	-	-	-	-	-	350,000	-	-	-	350,000
Yu, Huan-Chang (note iii)	11.11.2022	11.11.2022-10.11.2024	360,000	-	-	(360,000)	-	-	-	-	-	-
	11.11.2022	11.11.2022-10.11.2025	480,000	-	-	-	480,000	-	(480,000)	-	-	-
Wang Jun (note iv)	24.03.2021	24.03.2021-23.03.2024	240,000	-	-	(240,000)	-	-	-	-	-	-
	19.08.2024	19.08.2024-18.08.2025	-	500,000	-	-	500,000	-	(500,000)	-	-	-
	19.08.2024	19.08.2024-18.08.2026	-	500,000	-	-	500,000	-	(500,000)	-	-	-
Employees	24.03.2021	24.03.2021-23.03.2024	2,752,000	-	-	(2,752,000)	-	-	-	-	-	-
	13.08.2021	13.08.2021-12.02.2024	523,200	-	(7,800)	(515,400)	-	-	-	-	-	-
	13.08.2021	13.08.2021-12.08.2024	872,000	-	(28,000)	(844,000)	-	-	-	-	-	-
	19.08.2024	19.08.2024-18.08.2025	-	10,500,000	(200,000)	-	10,300,000	-	(1,050,000)	(400,000)	(8,850,000)	-
	19.08.2024	19.08.2024-18.08.2026	-	10,500,000	(200,000)	-	10,300,000	-	(1,200,000)	(400,000)	-	8,700,000
	18.08.2025	18.08.2025-17.02.2027	-	-	-	-	-	4,386,000	-	-	-	4,386,000
	18.08.2025	18.08.2025-17.02.2028	-	-	-	-	-	6,579,000	-	-	-	6,579,000
	18.08.2025	18.08.2025-17.08.2028	-	-	-	-	-	10,965,000	-	-	-	10,965,000
Total			5,227,200	22,000,000	(435,800)	(4,711,400)	22,080,000	24,830,000	(3,730,000)	-	(9,250,000)	33,930,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

29. SHARE AWARD SCHEME (Continued)

note i: Chiu, Hui-Yao was appointed as a non-executive director and the chairman of the Company with effect from April 22, 2025.

note ii: Chang, Su-Ching was appointed as an executive director and the chief executive officer of the Company with effect from April 22, 2025.

note iii: Yu Huan-Chang resigned as an executive director and chairman of the Company with effect from April 14, 2025.

note iv: Wang Jun resigned as the chief executive officer of the Company with effect from April 14, 2025.

note v: Since Chang, Su-Ching was appointed as an executive director and chief executive officer of the Company with effect from April 22, 2025, 800,000 awarded shares that owned by her were reclassified from the category of “Employees” to the category of “Director/Chief Executive Officer” as at April 22, 2025.

The closing price of the Company’s shares immediately before the grant of the share awards on August 18, 2025 was HK\$0.498 per share and on August 19, 2024 was HK\$0.620 per share.

During the year ended December 31, 2025, the Group recognised a net expense of RMB6,892,000 (2024: RMB3,985,000) as equity-settled share-based payments in the consolidated income statement under the Share Award Scheme with reference to the share awards’ respective vesting periods and the share awards lapsed prior to their vesting dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000	Bank borrowings RMB'000	Dividend payable RMB'000	Interest payables RMB'000 (Note 24)
At January 1, 2024	1,778,267	39,202	-	172
Financing cash flows	(817,920)	2,022	(243,624)	(2,082)
New leases/lease modification/ lease termination	404,480	-	-	-
Foreign exchange translation	-	(1,951)	-	-
Interest expenses	65,692	-	-	2,104
Dividend declared	-	-	243,624	-
At December 31, 2024	1,430,519	39,273	-	194
Financing cash flows	(710,671)	(41,367)	(203,780)	(2,814)
New leases/lease modification/ lease termination	371,072	-	-	-
Foreign exchange translation	-	2,094	-	-
Interest expenses	51,300	-	-	2,674
Dividend declared	-	-	203,780	-
At December 31, 2025	1,142,220	-	-	54



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. RETIREMENT BENEFIT PLANS

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The Group also operates an MPF Schemes for all its qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Under the rule of the MPF Schemes, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules.

The total cost of RMB345,100,000 (2024: RMB337,627,000) charged to profit or loss represents contribution paid or payable to the above retirement benefit plans by the Group for the year.

During the year ended December 31, 2025 and 2024, the Group had no forfeited contributions under the retirement benefits schemes utilised to reduce future contributions.

At the end of the reporting period, the Group had no significant obligation apart from the contribution as stated above.

32. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Certain of the Group's properties have committed leases for its tenants for undiscounted lease payments receivables over non-cancellable period from two years to fifteen years as follow:

	2025 RMB'000	2024 RMB'000
Within one year	6,455	7,876
In the second year	5,640	6,757
In the third year	5,187	5,933
In the fourth year	4,940	5,187
In the fifth year	4,170	4,940
Over five years	4,156	8,014
	30,548	38,707

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33. RELATED PARTY DISCLOSURES

(a) Transactions

Other than as disclosed elsewhere in these consolidated financial statements, the Group had the following significant related party transactions:

Relationship	Nature of transactions	2025 RMB'000	2024 RMB'000
Yue Yuen and its subsidiaries	Operating lease payment Management fees charged to the Group	1,133 3,596	1,170 4,810
<i>Companies owned by a trust set up for the benefits of the family members of a director of the Company and the director is one of the ultimate beneficiaries of the trust:</i>			
Hung Tak Investment Limited	Operating lease payment paid by the Group	–	1,706
Non-controlling interest of a subsidiary	Sales of sportswear products by the Group	33,070	28,941
	Commission from concessionaire sales by the Group	794	1,142
	Other operating income received by the Group	333	336
	Interest expense charged to the Group	91	102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33. RELATED PARTY DISCLOSURES (Continued)

(b) Compensation of key management personnel

	2025 RMB'000	2024 RMB'000
Short term benefits	17,294	21,308
Equity-settled share-based payments	2,432	1,282
	19,726	22,590

The remuneration of directors and key executives is determined having regard to the performance of the individuals.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include the bank borrowings disclosed in Note 26, lease liabilities in Note 27, and equity attributable to owners of the Company, comprising issued share capital, various reserves and accumulated profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, directors of the Company assess the annual budget prepared by the accounting, treasury and all functional departments and consider and evaluate the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares as well as the issue of new debt or the redemption of the existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at FVTPL	220,581	–
Financial assets at amortised cost	2,904,910	3,783,012
Equity instrument at FVTOCI	2,508	3,088
Financial liabilities		
Amortised cost	1,042,732	1,573,506
Lease liabilities	1,142,220	1,430,519

(b) Financial risk management objectives and policies

The Group's major financial instruments include an equity instrument at FVTOCI, other financial assets at amortised cost, financial assets at FVTPL, trade and other receivables, bank balances, short-term financial instruments, bank deposits over three months and cash, trade and other payables, amounts due to related parties, amount due to a non-controlling interest of a subsidiary, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There have been no changes to the policies on how to mitigate these risks.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 23). Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate, bank borrowings (Note 26) and lease liabilities (Note 27).

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Fluctuations of HIBOR and LPR are the major sources of the Group's cash flow interest rate risks.

The management considers the exposure of interest rate risk is not significant. Accordingly, no sensitivity analysis is performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which covered over 99% (2024: over 99%) of its total receivables as at December 31, 2025. There is no significant concentration of credit risk on trade receivables.

The Group's customer base is diverse and the trade receivables consist of a large number of customers. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals for its wholesale customers, and for other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts for both wholesale customers and shopping malls. In addition, the Group performs impairment assessment under ECL model on trade balances based on provision matrix.

The Group's internal credit risk grading assessment on trade receivables and other financial assets comprise the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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FOR THE YEAR ENDED DECEMBER 31, 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued) Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
				2025 RMB'000	2024 RMB'000
Financial assets at amortised cost					
Trade receivables	21, 6(a)	(note 2)	Lifetime ECL (Provision matrix) Loss	815,681	973,701
			Credit-impaired	27,511	38,065
				843,192	1,011,766
Bank balances	23	(note 1)	12m ECL	540,360	1,418,973
Short-term financial instruments	23	(note 1)	12m ECL	100,000	-
Bank deposits over three months	23	(note 1)	12m ECL	1,181,467	1,284,350
Other financial assets at amortised cost	18	(note 1)	12m ECL	49,734	-
Other receivables	21, 6(a)	Low risk/ watch list	12m ECL	217,587	105,909
		Loss	Credit-impaired	3,712	2,309
				221,299	108,218

notes:

- The credit risk on bank balances, short-term financial instruments and bank deposits is limited because the counterparties are banks and financial institutions with reputable credit ratings.
- The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by aging of receivables. The directors of the Company considered the loss allowance at lifetime ECL on trade receivables calculated based on provision matrix is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued) **Credit risk and impairment assessment (Continued)**

Provision matrix – trade receivables' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its Retail Business because these customers consist of debtors with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at December 31, 2025 and 2024 within lifetime ECL (not credit-impaired).

Trade receivables	2025 RMB'000	2024 RMB'000
Current (not past due)	807,770	955,328
1 – 120 days past due	7,911	18,373
	815,681	973,701

The average loss rates are estimated based on historical observed default rates over the expected life of the trade receivables and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about trade receivables is updated.

Debtors that are credit-impaired with gross carrying amounts of RMB27,511,000 (2024: RMB38,065,000) were assessed individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix – trade receivables' aging (Continued)

The following table shows the movement in lifetime ECL (credit-impaired) that has been recognised for trade receivables under the simplified approach.

	Trade receivables RMB'000
As at January 1, 2024	36,920
– Impairment losses recognised	2,100
– Write-offs	(955)
As at December 31, 2024	38,065
– Impairment losses (reversal) recognised	(10,476)
– Write-offs	(78)
As at December 31, 2025	27,511

The Group considers the trade receivables are credit-impaired mainly when they are past due for more than 120 days based on past experience, and writes off a trade receivable when there is information indicating that the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The Group has taken legal action to recover certain trade receivables that have been written off.

Liquidity risk

With regard to the Group's liquidity risk, the management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued) *Liquidity risk (Continued)*

The following table details the contractual maturity of the Group's financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is based on the interest rate at the end of the reporting periods.

	Weighted average interest rate %	0 to 30 days RMB'000	31 to 90 days RMB'000	91 to 365 days RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at December 31, 2025								
Non-interest bearing	-	1,029,156	3,577	7,199	-	-	1,039,932	1,039,932
Fixed interest rate instruments	3.10	-	-	2,865	-	-	2,865	2,800
Lease liabilities	3.08	51,379	100,047	368,672	680,043	6,649	1,206,790	1,142,220
		1,080,535	103,624	378,736	680,043	6,649	2,249,587	2,184,952
As at December 31, 2024								
Non-interest bearing	-	1,513,454	12,968	5,011	-	-	1,531,433	1,531,433
Fixed interest rate instruments	2.49	26,109	13,216	2,872	-	-	42,197	42,073
Lease liabilities	3.90	58,642	114,754	412,165	894,010	58,049	1,537,620	1,430,519
		1,598,205	140,938	420,048	894,010	58,049	3,111,250	3,004,025

The amounts included above for variable interest rate instruments are subject to changes if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

Some of the Group's financial assets are measured at fair value at the end of the reporting period.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value hierarchy	2025 RMB'000	2024 RMB'000
Financial assets at FVTPL			
Unlisted investment funds (note i)	Level 2	220,581	–

note:

- (i) The fair values of unlisted overseas funds are determined with reference to prices provided by the respective issuing financial institutions.

Except as described above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values at the end of the reporting period. There were no transfers between level 1 and 2 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	194	212
Investments in subsidiaries	4,406,647	4,399,880
Other financial assets at amortised cost	49,734	–
	4,456,575	4,400,092
CURRENT ASSETS		
Other receivables	21,535	13,883
Amounts due from subsidiaries	3,056,788	2,570,294
Cash and cash equivalents	246,633	244,187
	3,324,956	2,828,364
CURRENT LIABILITIES		
Other payables	5,965	7,918
Amounts due to subsidiaries	3,011,867	2,633,245
	3,017,832	2,641,163
NET CURRENT ASSETS	307,124	187,201
NET ASSETS	4,763,699	4,587,293
CAPITAL AND RESERVES		
Share capital (Note 28)	46,438	46,438
Reserves (note)	4,717,261	4,540,855
	4,763,699	4,587,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

note:

Movements in the Company's reserves:

	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At January 1, 2024	4,162,774	367,229	4,530,003
Profit and total comprehensive income for the year	-	250,491	250,491
Recognition of equity-settled share-based payment, net of amounts lapsed relating to share awards not yet vested	3,985	-	3,985
Dividend recognised as distribution	-	(243,624)	(243,624)
At December 31, 2024	4,166,759	374,096	4,540,855
Profit and total comprehensive income for the year	-	373,209	373,209
Recognition of equity-settled share-based payment, net of amounts lapsed relating to share awards not yet vested	6,977	-	6,977
Dividend recognised as distribution	-	(203,780)	(203,780)
At December 31, 2025	4,173,736	543,525	4,717,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

37. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at December 31, 2025 and 2024:

Name of subsidiary	Country/place of incorporation or establishment/operation	Issued and fully paid share capital/registered capital	Attributable equity interests held (note i)		Principal activities
			2025	2024	
Bao Sheng Dao Ji (Beijing) Trading Company Ltd. 寶盛道吉(北京)貿易有限公司 (note ii)	PRC	US\$65,000,000	100%	100%	Retailing of sportswear
Dalian Shengdao Sports Industry Development Co., Ltd.# 大連勝道運動產業發展有限公司 (note ii)	PRC	RMB200,000,000	100%	100%	Retailing of sportswear
Guangzhou Baoyuen Trading Company Limited# 廣州寶元貿易有限公司 (note ii)	PRC	US\$23,310,000	100%	100%	Retailing of sportswear
Hainan Baoxun Electronic Commerce Co., Ltd.# 海南寶迅電子商務有限公司 (note iv)	PRC	RMB15,000,000	100%	100%	Retailing of sportswear
Hainan Shengwei Electronic Commerce Co., Ltd.# 海南勝偉電子商務有限公司 (note iv)	PRC	RMB15,000,000	100%	100%	Retailing of sportswear
Hainan Shengzhuo E-commerce Co., Ltd.# 海南勝卓電子商務有限公司 (note iv)	PRC	RMB5,000,000	72%	72%	Retailing of sportswear
Harbin Baosheng Sports Goods Company Limited# 哈爾濱寶勝體育用品有限公司 (note ii)	PRC	RMB22,000,000	100%	100%	Retailing of sportswear
Hebei Zhanxin Sports Development Company Limited# 河北展新體育發展有限公司 (note iv)	PRC	RMB18,180,000	100%	100%	Retailing of sportswear
Hefei Baoxun Sports Goods Trading Company Limited# 合肥寶勛體育用品商貿有限公司 (note iv)	PRC	RMB1,000,000	100%	100%	Retailing of sportswear
Kunshan Bao Han Culture Sportsevolution Co., Ltd. 昆山寶悍體育文化發展有限公司 (note ii)	PRC	US\$10,000,000	100%	100%	Sports marketing and organisation of sports events
Kunshan Baowei Information Technology Co., Ltd 昆山寶唯信息科技有限公司 (note iv)	PRC	RMB600,000,000	100%	100%	Retailing of sportswear
Kushan Taisong Trading Co., Ltd 昆山泰崧精品貿易有限公司 (note iii)	PRC	US\$26,500,000	100%	100%	Retailing of sportswear

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

37. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Country/place of incorporation or establishment/operation	Issued and fully paid share capital/registered capital	Attributable equity interests held (note i)		Principal activities
			2025	2024	
Kunshan YYsports E-Commerce Co., Ltd 昆山勝道信息技術有限公司 (note ii)	PRC	US\$3,000,000	100%	100%	Retailing of sportswear
Nanning Pou Guan Sporting Goods Company Limited [#] 南寧寶冠體育用品有限公司 (note ii)	PRC	US\$1,300,000	100%	100%	Retailing of sportswear
PCG Bros (Holdings) Co. Limited	BVI	US\$6,400,000	100%	100%	Investment holding
PCG BROS Sports Management Co. Ltd. [#] 寶悍運動平台股份有限公司	Taiwan	NTD360,000,000	100%	100%	Sports marketing and organisation of sports events
Pou Sheng (China) Investment Group Co., Ltd. 常勝投資集團有限公司 (note ii)	PRC	US\$152,922,400	100%	100%	Investment holding
Pou Sheng International Sports Development Company Limited	HK	HK\$100	100%	100%	Investment holding
Qingdao Pou Sheng International Sporting Goods Company Limited [#] 青島寶勝國際體育用品有限公司 (note iv)	PRC	RMB20,000,000	72%	72%	Retailing of sportswear
Shaanxi Pousheng Trading Company Ltd 陝西寶勝貿易有限公司 (note ii)	PRC	US\$66,000,000	100%	100%	Retailing of sportswear
Shanghai Baokun Zhilian Information Technology Co., Ltd. [#] 上海寶鋸智鏈信息科技有限公司 (note iv)	PRC	RMB500,000	100%	100%	Provision of technical advisory services
Shanghai Dongzhijie Sporting Goods Development Co., Ltd. [#] 上海東之杰體育用品發展有限公司 (note iv)	PRC	RMB1,000,000	100%	100%	Retailing of sportswear
Shanghai Pouyuen Sports Trading Co. Ltd [#] 上海寶原體育用品商貿有限公司 (note ii)	PRC	US\$50,000,000	100%	100%	Retailing of sportswear
Shanghai Shengdao Sports Goods Company Limited [#] 上海勝道體育用品有限公司 (note iv)	PRC	RMB5,100,000	100%	100%	Retailing of sportswear
Shanghai Shengjie Sports Goods Co., Ltd [#] 上海勝杰體育用品有限公司 (note iv)	PRC	RMB15,000,000	100%	100%	Retailing of sportswear
Shengdao (Chengdu) Trading Co. Ltd. [#] 勝道(成都)商貿有限公司 (note ii)	PRC	US\$22,400,000	100%	100%	Retailing of sportswear

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

37. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Country/place of incorporation or establishment/operation	Issued and fully paid share capital/registered capital	Attributable equity interests held (note i)		Principal activities
			2025	2024	
Shenyang Baoyi Trading Company Limited [#] 瀋陽寶益貿易有限公司 (note iv)	PRC	RMB40,000,000	100%	100%	Retailing of sportswear
Tianjin Baosheng Sports Goods Company Limited [#] 天津寶勝體育用品銷售有限公司 (note iv)	PRC	RMB1,000,000	100%	100%	Retailing of sportswear
TREASURE CHAIN INTERNATIONAL LIMITED	BVI	US\$1	100%	100%	Investment holding
WINNING TEAM HOLDINGS LIMITED	BVI	US\$1	100%	100%	Investment holding
Wuxi Pouyuen Sports Goods Trading Company Limited [#] 無錫寶原體育用品商貿有限公司 (note iv)	PRC	RMB1,000,000	100%	100%	Retailing of sportswear
Yue Cheng (Kunshan) Sports Co., Ltd 裕晟(昆山)體育用品有限公司 (note ii)	PRC	US\$14,200,000	100%	100%	Retailing of sportswear
YY Sports Holdings Limited ("YY Sports") (note i)	BVI	US\$1	100%	100%	Investment holding

[#] The English names are for information purpose only.

notes:

- (i) The Company directly holds the interest in YY Sports. All other interests shown are indirectly held by the Company.
- (ii) These entities are wholly-foreign owned enterprises established/operated in the PRC.
- (iii) These entities are sino-foreign owned enterprises established/operated in the PRC.
- (iv) These entities are wholly-domestic owned enterprises established/operated in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year or at the end of the year.

FINANCIAL SUMMARY

Below financial information is extracted from annual reports of the Company:

RESULTS

	For the year ended December 31,				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Revenue	23,350,235	18,638,021	20,064,497	18,453,923	17,132,127
Profit for the year	375,755	100,238	503,208	497,822	229,316
Attributable to:					
Owners of the Company	356,587	89,164	490,425	491,497	210,771
Non-controlling interests	19,168	11,074	12,783	6,325	18,545
	375,755	100,238	503,208	497,822	229,316

ASSETS AND LIABILITIES

	As at December 31,				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total assets	16,658,980	13,598,861	13,257,673	13,037,890	12,060,909
Total liabilities	(8,456,784)	(5,404,941)	(4,647,092)	(4,167,094)	(3,159,058)
	8,202,196	8,193,920	8,610,581	8,870,796	8,901,851
Equity attributable to:					
Owners of the Company	8,095,464	8,114,253	8,518,131	8,774,485	8,786,995
Non-controlling interests	106,732	79,667	92,450	96,311	114,856
	8,202,196	8,193,920	8,610,581	8,870,796	8,901,851



MAKE SPORTS YOUR LIFE



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

