

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



POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3813)

CONTINUING CONNECTED TRANSACTION IN RELATION TO FRAMEWORK AGREEMENT WITH YUE YUEN

On 29 August 2014, the Company entered into the Framework Agreement with Yue Yuen pursuant to which the Company may, through members of the PS Sub Group, purchase from members of the YY Sub Group and/or the YY Factories the Products from time to time during the term of the Framework Agreement.

Yue Yuen is a controlling shareholder of the Company holding 3,295,923,560 Shares (being approximately 61.27% of the issued shares of the Company) as at the date of this announcement and is therefore a connected person of the Company. The entering into of the Framework Agreement and the transactions contemplated therein therefore constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the relevant percentage ratios (as defined in the Listing Rules) in respect of the annual caps under the Framework Agreement are more than 0.1% but less than 5%, the Framework Agreement is subject to the reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules.

A summary of some of the principal terms of the Framework Agreement is set out below.

FRAMEWORK AGREEMENT

Date: 29 August 2014

Parties: (1) Company
(2) Yue Yuen

Subject matter: The Company may, through members of the PS Sub Group, purchase from members of the YY Sub Group and/or the YY Factories the Products from time to time during the term of the Framework Agreement (which is not more than three years). Any and all Products shall be supplied to members of the PS Sub Group on normal commercial terms or on terms no less favourable to the PS Sub Group than those offered to the PS Sub Group from independent third parties, and subject to the annual caps set out below.

Annual caps

The table below sets out the maximum aggregate value of the contract sum in respect of the Products to be purchased by members of the PS Sub Group from members of the YY Sub Group and/or the YY Factories for each of the periods ending 31 December 2016.

Period	Annual Cap
7 April 2014 to 31 December 2014	RMB46,000,000 (equivalent to approximately HK\$57,633,000)
1 January 2015 to 31 December 2015	RMB71,000,000 (equivalent to approximately HK\$88,956,000)
1 January 2016 to 31 December 2016	RMB85,000,000 (equivalent to approximately HK\$106,497,000)

The annual caps for each of the aforesaid periods are determined after taking into account (a) the unit price of the Products; (b) the historical purchase amounts of the Products; and (c) the expected increment of the purchase amounts of the Products from members of the YY Sub Group and/or the YY Factories. Based on information provided by the Acquired Company (defined below), the amount of orders placed with the YY Factories for the years ended 31 December 2012 and 2013 were RMB42.0 million and RMB38.5 million respectively.

INFORMATION ON THE PARTIES

The Company is an investment holding company and a subsidiary of Yue Yuen. The Company and the PS Sub Group are principally engaged in the retailing and distribution of sportswear and footwear products.

Yue Yuen is an investment holding company. The principal activities of YY Sub Group and the YY Factories are the manufacturing and sale of footwear products for various brands, including PONY brand.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company, through the PS Sub Group, is principally engaged in the retailing and distribution of sportswear and footwear products. In respect of the Group's retail business, products are typically sourced from the brand companies. In respect of the Group's distribution of licensed sportswear and footwear products business ("Brand Licensee Business"), the Group typically has exclusive rights to design, manufacture, market and distribute, as approved by licensor, the licensed products for sale in authorised territory. One of the brands under the Group's Brand Licensee Business is PONY which brand licence in the PRC and Taiwan has been granted to a company which has become an indirect wholly-owned subsidiary of the Company ("Acquired Company") after its acquisition by the Group on 7 April 2014. As the YY Factories were already authorised manufacturers for the PONY brand products before acquisition of the Acquired Company, it would make commercial sense for the Acquired Company to continue to purchase PONY brand products from the YY Factories. In addition, as the YY Sub Group and the YY Factories are also authorised manufacturers for other brands which may in the future become brand licensor of the Group under its Brand Licensee Business, the Board considers that it will be in the interest of the Company to enter into the Framework Agreement. The transactions contemplated under the Framework Agreement are part of the usual and ordinary course of business of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Framework Agreement and the transactions contemplated therein are conducted on arm's length basis and on normal commercial terms in the ordinary and usual course of business of the Group, and that the terms of the Framework Agreement including the annual caps are fair and reasonable and the Framework Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Yue Yuen is a controlling shareholder of the Company holding 3,295,923,560 Shares (being approximately 61.27% of the issued shares of the Company) as at the date of this announcement and is therefore a connected person of the Company. The entering into of the Framework Agreement and the transactions contemplated therein therefore constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Prior to completion of acquisition of the Acquired Company on 7 April 2014, there were orders in the total amount of RMB10.9 million placed by the Acquired Company with the YY Factories which had not been completely fulfilled ("Pre-Completion Orders"). These continuing transactions became continuing connected transactions for the Company after 7 April 2014 for the purpose of Chapter 14A of the Listing Rules. In addition, after completion of the acquisition of the Acquired Company, there were two orders in the aggregate amount of RMB19.5 million placed by the Acquired Company with YY Factories ("Post-Completion Orders"). The Company should have announced the Pre-Completion Orders and the Post-Completion Orders respectively in accordance with Rules 14A.41 and 14A.47 of the Listing Rules (as they were then in force before 1 July 2014). The Company regrets that it has not made these announcements as first required under the Listing Rules.

For purpose of compliance with the Listing Rules, the annual cap for 2014 under the Framework Agreement includes the Post Completion Orders. Since the relevant percentage ratios (as defined in the Listing Rules) in respect of the annual caps under the Framework Agreement are more than 0.1% but less than 5%, the Framework Agreement is subject to the reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules.

Ms. Tsai Patty, Pei Chun and Mr. Li I-nan, both of whom are Directors and also directors of Yue Yuen, are considered to have a material interest in the Framework Agreements by virtue of their directorship with Yue Yuen and have abstained from voting on the relevant resolution approving the Framework Agreement at the Board meeting. Mr. Tsai David, Nai Fung, who is deemed to be interested in 101,126,262 shares in Yue Yuen under the SFO, representing approximately 6.13% of the issued shares of Yue Yuen as at the date of this announcement, is considered to have a material interest in the Framework Agreement by virtue of his interests in Yue Yuen and has abstained from voting on the relevant resolution approving the Framework Agreement at the Board meeting.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Pou Sheng International (Holdings) Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange with stock code 3813
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Framework Agreement”	the framework agreement dated 29 August 2014 entered into between the Company and Yue Yuen in respect of the sale and purchase of the Products between members of the PS Sub Group and members of the YY Sub Group and/or the YY Factories
“Group”	the Company and the PS Sub Group

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Peixian Baoyi”	沛縣寶億製鞋有限公司, a company incorporated in the PRC with limited liability which is owned as to 50% by YY Sub Group
“PRC”	The People’s Republic of China
“Products”	the footwear products manufactured and sold by the YY Sub Group and/or the YY Factories, which for the present purpose, mainly include PONY brand products
“PS Sub Group”	at any time, means the Company’s subsidiaries, jointly controlled entities and associates at that time but for the avoidance of doubt, excludes the Company
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yue Yuen”	Yue Yuen Industrial (Holdings) Limited*, a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange with stock code 551
“YY Factories”	Peixian Baoyi, Zhuhai Yue Yuen and any other factories operated and/or appointed by members of the YY Sub Group as notified by Yue Yuen to the Company in writing from time to time

“YY Sub Group”	Yue Yuen’s subsidiaries, jointly controlled entities and associates and includes the YY Factories but for the avoidance of doubt, excludes Yue Yuen
“Zhuhai Yue Yuen”	珠海經濟特區裕元工業有限公司, a processing factory in the PRC as appointed by the YY Sub Group
“%”	per cent.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1:HK\$1.2529. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

* *For identification purposes only*

By Order of the Board
Tsai David, Nai Fung
Chairman

Hong Kong, 29 August 2014

As at the date of this announcement, Mr. Tsai David, Nai Fung is the Chairman and Non-executive Director; Mr. Kwan, Heh-Der is the Chief Executive Officer and Executive Director; Mr. Wu, Pan-Tsu is the Executive Director; Ms. Tsai Patty, Pei Chun and Mr. Li I-nan are the Non-executive Directors; and Mr. Chen Huan-Chung, Mr. Chang Li Hsien, Leslie and Mr. Hsieh, Wuei-Jung are the Independent Non-executive Directors.

Website: www.pousheng.com