

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.



**YUE YUEN INDUSTRIAL
(HOLDINGS) LIMITED**
裕元工業(集團)有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 551)



**POU SHENG INTERNATIONAL
(HOLDINGS) LIMITED**
寶勝國際(控股)有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 3813)

JOINT ANNOUNCEMENT

INSIDE INFORMATION

NON-RENEWAL OF BUSINESS SEPARATION DEED

All of the independent non-executive directors of Pou Sheng have resolved and Yue Yuen has been informed on 14 May 2013 that the Business Separation Deed will not be renewed upon expiry. Accordingly, the Business Separation Deed will lapse after 5 June 2013.

Yue Yuen Shareholders, Pou Sheng Shareholders and potential investors should exercise caution when dealing in or investing in the securities of Yue Yuen and Pou Sheng.

This announcement is made by Yue Yuen and Pou Sheng pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

NON-RENEWAL OF BUSINESS SEPARATION DEED

Under the Business Separation Deed as disclosed in the Prospectus, Pou Sheng has undertaken to only manufacture for the Taicang Brands with certain exceptions and Yue Yuen has undertaken not to solicit or manufacture for the Taicang Brands under any circumstances, during the term of the Business Separation Deed. Pursuant to the Business Separation Deed, the above undertakings will survive for a period of five years commencing on 6 June 2008, being the date on which the Pou Sheng Shares were first traded on the Stock Exchange, and will be automatically renewed every five years unless a majority of the independent non-executive directors of Pou Sheng decide at the end of the five year interval that the Business Separation Deed shall not be renewed. The Business Separation Deed is due for renewal on 5 June 2013.

* For identification purposes only

All of the independent non-executive directors of Pou Sheng have resolved and Yue Yuen has been informed on 14 May 2013 that the Business Separation Deed will not be renewed upon expiry. Accordingly, the Business Separation Deed will lapse after 5 June 2013. In reaching the decision not to renew the Business Separation Deed, the independent non-executive directors of Pou Sheng have considered the following principal reasons:

- (1) The principal business of the Pou Sheng Group is retailing of sportswear and footwear. While the business of manufacturing of OEM footwear is also one of the core businesses of the Pou Sheng Group, its contribution to income has been relatively small. Revenue generated therefrom for the fifteen months ended 31 December 2012 was approximately US\$129.8 million, representing approximately 6% of the consolidated revenue of the Pou Sheng Group for the same period. As the Pou Sheng Group could only manufacture for the Taicang Brands subject to certain exceptions under the Business Separation Deed, the Pou Sheng Group's manufacturing business has been heavily reliant on these Taicang Brands. This has significantly affected the Pou Sheng Group's ability to manage and operate its footwear manufacturing business in a flexible manner.
- (2) The performance of the Pou Sheng Group's unique footwear manufacturing business has not been as positive as the management of Pou Sheng Group would want it to be. In view of this, the management of the Pou Sheng Group intends to adopt measures to streamline the Pou Sheng Group's footwear manufacturing business and to operate it more efficiently. Having said that, if in the future, the business environment for footwear manufacturing becomes favourable for the Pou Sheng Group again, the Pou Sheng Group may consider re-investing more resources into its footwear manufacturing business.

In light of the above reasons, the independent non-executive directors of Pou Sheng therefore are of the view that the Business Separation Deed does not need to be renewed and Yue Yuen has been informed of the non-renewal of the Business Separation Deed.

Yue Yuen Shareholders, Pou Sheng Shareholders and potential investors should exercise caution when dealing in or investing in the securities of Yue Yuen and Pou Sheng.

DEFINITIONS

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

“Business Separation Deed”	the business separation deed dated 23 May 2008 entered into between Pou Sheng and Yue Yuen governing their respective manufacturing operations
“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
“OEM”	original equipment manufacturer
“Pou Sheng”	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
“Pou Sheng Group”	Pou Sheng and its subsidiaries
“Pou Sheng Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of Pou Sheng
“Pou Sheng Shareholder(s)”	holder(s) of the Pou Sheng Share(s)
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of Pou Sheng dated 26 May 2008 in relation to the initial listing of the Pou Sheng Shares on the Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taicang Brands”	Li Ning, ANTA, Kappa, 361°, Umbro and XTEP
“US\$”	United States dollar(s), the lawful currency of the United States of America
“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
“Yue Yuen Shareholder(s)”	holder(s) of the shares of Yue Yuen
“%”	per cent.

By Order of the board of
Yue Yuen Industrial (Holdings) Limited
Tsai Chi Neng
Chairman

By Order of the board of
Pou Sheng International (Holdings) Limited
Tsai David, Nai Fung
Chairman

Hong Kong, 14 May 2013

As at the date of this announcement, in respect of Yue Yuen, Mr. Tsai Chi Neng (Chairman), Mr. David N. F. Tsai (Managing Director), Mr. Kuo Tai Yu, Mr. Kung Sung Yen, Mr. Chan Lu Min, Mr. Li I Nan, Steve, Ms. Tsai Pei Chun, Patty, Ms. Kuo Li-Lien and Mr. Lee Shao Wu are the executive directors, and Dr. Liu Len Yu, Mr. Leung Yee Sik, Mr. Huang Ming Fu, Mr. Chu Li-Sheng and Ms. Teresa Yen are the independent non-executive directors.

As at the date of this announcement, in respect of Pou Sheng, 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, Ms. Kuo, Li-Lien and Mr. Li I-nan are the non-executive directors; and Mr. Chen Huan-Chung, Mr. Hu Sheng-Yih, Mr. Chang Li Hsien, Leslie and Mr. Hsieh, Wuei-Jung are the independent non-executive directors.

Websites: www.yueyuen.com, www.pousheng.com