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POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3813)

CONTINUING CONNECTED TRANSACTION WITH YUE YUEN REVISED ANNUAL CAPS

As disclosed in the Announcement (as defined below), 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. On 13 August 2015, the Company entered into the Supplemental Agreement with Yue Yuen pursuant to which the Original Annual Cap for each of the periods ending 31 December 2015 and 31 December 2016 have been revised.

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 Supplemental 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 Supplemental Agreement are more than 0.1% but less than 5%, the Supplemental Agreement is subject to the reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 29 August 2014 in relation to the entering into the Framework Agreement (the “**Announcement**”), which constitutes continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. Unless the context requires otherwise, capitalized terms used herein shall bear the same meanings as defined in the Announcement.

THE SUPPLEMENTAL AGREEMENT

As disclosed in the Announcement, 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 ordinary and usual course of business of the PS Sub Group.

Original Annual Cap

The Original Annual Cap for each of the periods ending 31 December 2015 and 31 December 2016 under the Framework Agreement are as follows:

Period	Original Annual Cap
1 January 2015 to 31 December 2015	RMB71,000,000 (equivalent to approximately HK\$88,400,000)
1 January 2016 to 31 December 2016	RMB85,000,000 (equivalent to approximately HK\$105,800,000)

Reasons for the Supplemental Agreement

The aggregate value of the contract sum in respect of the Products that have been purchased by members of the PS Sub Group from members of the YY Sub Group and/or the YY Factories for the period from 1 January 2015 to 30 June 2015 is RMB42,480,000, which is within the Original Annual Cap for the 12-month period ending 31 December 2015. In anticipation of the increase in the quotations of the Products as provided by the manufacturing factories and the increase in sale of the Products, it is expected that the Original Annual Cap for each of the periods ending 31 December 2015 and 31 December 2016 will need to be revised. As such, the Company has entered into the Supplemental Agreement with Yue Yuen.

Revised Annual Cap

On 13 August 2015, the Company entered into the Supplemental Agreement with Yue Yuen pursuant to which the Original Annual Cap for each of the periods ending 31 December 2015 and 31 December 2016 have been revised as follows:

Period	Revised Annual Cap
1 January 2015 to 31 December 2015	RMB85,000,000 (equivalent to approximately HK\$105,800,000)
1 January 2016 to 31 December 2016	RMB110,000,000 (equivalent to approximately HK\$137,000,000)

Basis of the Revised Annual Cap

The Revised Annual Cap is 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 an indirect wholly-owned subsidiary of the Company to which the PONY brand licence in the PRC and Taiwan has been granted to, the amount of orders placed with the YY Factories for the year ended 31 December 2014 and the six-month period ended 30 June 2015 were RMB45,400,000 and RMB42,480,000 respectively.

The Products are 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 Revised Annual Caps. The Company's PONY brand products development department is responsible for comparing the cost price of various independent manufacturing factories. The Company will usually purchase footwear products manufactured by members of the YY Sub Group and/or the YY Factories, unless the price offered by them are considerably higher than that offered by other manufacturing factories.

The Directors (including the independent non-executive Directors) are of the view that the Supplemental 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 Supplemental Agreement including the Revised Annual Caps are fair and reasonable and the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

Save for the aforesaid revisions made under the Supplemental Agreement, all terms of the Framework Agreement remain unchanged.

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.

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 Supplemental 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 Supplemental Agreement are more than 0.1% but less than 5%, the Supplemental Agreement is subject to the reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules.

Ms. Tsai Patty, Pei Chun who is a Director is also a director of Yue Yuen, and is therefore considered to have a material interest in the Supplemental Agreement by virtue of her directorship with Yue Yuen and has abstained from voting on the relevant resolution approving the Supplemental 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 Supplemental Agreement by virtue of his interests in Yue Yuen and has abstained from voting on the relevant resolution approving the Supplemental Agreement at the Board meeting.

DEFINITIONS

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

“Original Annual Cap”	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 2015 and 31 December 2016 under the Framework Agreement
“Revised Annual Cap”	the revised 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 2015 and 31 December 2016 under the Supplemental Agreement
“Supplemental Agreement”	the supplemental agreement dated 13 August 2015 entered into between Yue Yuen and the Company in respect of the Revised Annual Cap

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1:HK\$1.2451. 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.

By Order of the Board
Tsai David, Nai Fung
Chairman

Hong Kong, 13 August 2015

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. Hsieh, Wuei-Jung and Mr. Shan Xue are the Independent Non-executive Directors.

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