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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTION
IN RELATION TO
FRAMEWORK AGREEMENT WITH YUE YUEN**

For purpose of conducting its business, the Company on 11 November 2016 entered into the Framework Agreement with Yue Yuen pursuant to which the Company may, through members of the PS Sub Group, continue to 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 61.75% 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 constitute 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.

Reference is made to the announcements of the Company dated 29 August 2014 and 13 August 2015 in relation to, inter alia, the 2014 Framework Agreement entered into between the Company and Yue Yuen for the purchase of Products through members of the PS Sub Group from members of the YY Sub Group and/or the YY Factories for a term commencing from 7 April 2014 to 31 December 2016.

As the 2014 Framework Agreement is due to expire on 31 December 2016, the Company entered into the Framework Agreement with Yue Yuen on 11 November 2016 to regulate the business relationship between the PS Sub Group and the YY Sub Group and/or the YY Factories in relation to the continuation of purchase of Products through members of the PS Sub Group, from members of the YY Sub Group and/or the YY Factories the Products for a further term of two years commencing 1 January 2017 and ending on 31 December 2018.

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

FRAMEWORK AGREEMENT

Date: 11 November 2016

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. The Framework Agreement provides that the Products shall be supplied to members of the PS Sub Group on a cost-plus basis and in any event 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 2018.

Period	Annual Cap
1 January 2017 to 31 December 2017	RMB143,000,000 (equivalent to approximately HK\$163,534,800)
1 January 2018 to 31 December 2018	RMB200,000,000 (equivalent to approximately HK\$228,720,000)

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 the record provided by the PS Sub Group, the amount of orders placed with the YY Factories for the period from 7 April 2014 to 31 December 2014, the year ended 31 December 2015 and the ten-month ended 31 October 2016 were approximately RMB45,600,000, approximately RMB84,800,000 and approximately RMB52,400,000 respectively.

INFORMATION ON THE PARTIES

The Company is an investment holding company and an indirect non-wholly owned subsidiary of Yue Yuen. The PS Sub Group is principally engaged in retailing of sportswear and distribution of licensed 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 Brand Licensee Business, the Group typically has exclusive rights to design, manufacture, market and distribute, as approved by licensors, the licensed products for sale in authorised territories. 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 an indirect wholly-owned subsidiary of the Company. As the YY Factories were already authorised manufacturers for the PONY brand products and have been supplying such products to the PS Sub Group, it would make commercial sense for the Group 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 licensors of the Group under its Brand Licensee Business, the continuation of business may further strengthen the relationships. The Board therefore 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 61.75% 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 constitute 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.

Ms. Tsai Patty, Pei Chun, a Director and also a director of Yue Yuen, is considered to have a material interest in the Framework Agreement by virtue of her directorship with 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
“Brand Licensee Business”	distribution of licensed sportswear and footwear products business
“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 11 November 2016 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
“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
“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”	the 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
“2014 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 and as amended and supplemented by the supplemental agreement dated 13 August 2015 entered into between the same parties
“%”	per cent.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1:HK\$1.1436. 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
Wu, Pan-Tsu
Chairman

Hong Kong, 11 November 2016

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Wu, Pan-Tsu (Chairman) and Mr. Kwan, Heh-Der (Chief Executive Officer)

Non-Executive Directors:

Ms. Tsai Patty, Pei Chun and Mr. Li I-nan

Independent Non-executive Directors:

Mr. Chen Huan-Chung, Mr. Hsieh, Wuei-Jung and Shan Xue

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