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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 TRANSACTIONS WITH VIPSHOP BECOMING CONTINUING CONNECTED TRANSACTIONS**

#### **CONTINUING TRANSACTIONS WITH VIPSHOP**

Since 2017, members of the Group have been supplying Products to members of the VIP Group for sale on the online platform of the VIP Group. For the purpose of the Listing Rules, these continuing transactions will soon become continuing connected transactions for the Company as and when the insignificant subsidiary exemption ceases to apply. The Company makes this announcement in advance to comply with Rules 14A.60(1) and 14A.101 of the Listing Rules.

#### **LISTING RULES IMPLICATIONS**

In 2018, Vipshop became a substantial shareholder of Baowei, holding 45% of its equity interests. Based on the financial information of Baowei, it is considered as an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Vipshop is not a connected person of the Company.

Due to continuous business growth of Baowei, which will result in the insignificant subsidiary exemption ceasing to apply, Vipshop will become a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. As and when the insignificant subsidiary exemption ceases to apply, the Framework Agreement and the transactions contemplated thereunder will then become continuing connected transactions for the Company involving connected person at subsidiary level under Chapter 14A of the Listing Rules.

According to Rule 14A.101 of the Listing Rules, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements.

## CONTINUING TRANSACTIONS WITH VIPSHOP

Since 2017, members of the Group have been supplying Products to members of the VIP Group for sale on the online platform of the VIP Group. In anticipation of compliance with the requirements relating to connected transactions under the Listing Rules, the Company entered into the Framework Agreement with Vipshop on 22 March 2019 to regulate the business relationship governing the transactions between the Group and the VIP Group regarding the continuation of the sales and purchase of Products. Due to continuous business growth of Baowei, which will result in the insignificant subsidiary exemption ceasing to apply, Vipshop will become a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Set out below is a summary of some of the principal terms of the Framework Agreement.

Date: 22 March 2019

Parties: (1) the Company

(2) Vipshop

Term: From 1 January 2019 to 31 December 2019

Subject matter: The Company may, through Baowei and other members of the Group, supply the Products to members of the VIP Group from time to time during the term of the Framework Agreement for sale on the online platform of the VIP Group, subject to the terms of the Individual Contracts.

All Products shall be supplied by Baowei and other members of the Group to members of the VIP Group (i) at the final selling price of the Products being sold through its online platform to the end customers; and (ii) in any event, on normal commercial terms or on terms no less favourable to the Group than those offered by the Group to other online sales companies which are independent third parties. Specific terms of sale will be set out in the Individual Contracts.

### Annual Cap

The table below sets out the maximum aggregate value of the contract sum in respect of the Products to be sold by members of the Group to members of the VIP Group for the year ending 31 December 2019, as set out in the Framework Agreement.

Year	Annual Cap
1 January 2019 to 31 December 2019	RMB2,400,000,000 (equivalent to approximately HK\$2,731,200,000)

The annual cap for the aforesaid year is determined after taking into account (a) the final selling price of the Products; (b) the historical sale amounts of the Products through one of the online business platforms; and (c) the expected increase of the sale amounts of the Products to end customers.

Based on the record of the Group, the amounts of orders placed by the VIP Group and through one of the online business platforms for the years ended 31 December 2017 and 31 December 2018 and for the five months ended 31 May 2019 were approximately RMB1,376 million, RMB2,046 million and RMB1,130 million respectively.

### **INTERNAL CONTROL PROCEDURES**

The Company will check the final selling price of the Products being sold by the VIP Group through its online platform to the end customers in order to ensure the sale is on normal commercial terms or on terms no less favourable to the Group than those offered by the Group to other online sales companies which are independent third parties.

### **INFORMATION ON THE PARTIES**

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company.

The Group is principally engaged in the distribution of licensed product and retailing of sportswear and footwear products and leasing of large scale commercial spaces to retailers and distributors for concessionaire sales in the PRC market.

Baowei is a joint venture company established in the PRC with 55% and 45% of its equity interests being held by a subsidiary of the Company and Vipshop respectively as of the date of this announcement. The principal activities of Baowei are, among other things, the wholesaling of sportswear to online platform operators and/or online retailers/distributors, the retailing of sportswear on third party online platform and related consulting services.

Vipshop is a company established under the laws of the PRC with limited liability. The principal activities of the VIP Group are online sales of domestic and overseas brand products.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT**

The VIP Group is one of the largest online retail sales platforms in PRC. Through (i) establishing the joint venture company, namely Baowei, and (ii) entering into the Framework Agreement with Vipshop, it can create synergistic effect to both the Group and VIP Group by utilising their comparative advantages in both offline and online retailing. The Directors expect that the Group will benefit from a further boost in its sales to the end customers in the PRC market through this cooperation.

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

**LISTING RULES IMPLICATIONS**

In 2018, Vipshop became a substantial shareholder of Baowei, holding 45% of its equity interests. However, based on the financial information of Baowei, it is considered as an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and therefore Vipshop is not a connected person of the Company. In anticipation of compliance with the requirements relating to connected transactions under the Listing Rules, the Company entered into the Framework Agreement with Vipshop on 22 March 2019 to regulate the business relationship governing the transactions between the Group and the VIP Group regarding the continuation of the sales and purchase of Products.

Due to continuous business growth of Baowei, which will result in the insignificant subsidiary exemption ceasing to apply, Vipshop will become a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. As and when the insignificant subsidiary exemption ceases to apply, the Framework Agreement and the transactions contemplated thereunder will then become continuing connected transactions for the Company involving connected person at subsidiary level under Chapter 14A of the Listing Rules.

According to Rule 14A.101 of the Listing Rules, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders’ approval requirements.

None of the Directors has a material interest in the Framework Agreement and the transactions contemplated thereunder and hence no Director 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
- “Baowei” Kunshan Baowei Information Technology Co., Ltd. (昆山寶唯信息科技有限公司), a joint venture company established in the PRC with 55% and 45% of its equity interests being held by a subsidiary of the Company and Vipshop respectively as of the date of this announcement

“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 22 March 2019 entered into between the Company and Vipshop in respect of the sale and purchase of the Products between members of the Group and members of the VIP Group
“Group”	the Company and its subsidiaries, jointly controlled entities and associates
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong Special Administrative Region of the PRC
“Individual Contract(s)”	the individual contract(s), purchase order(s) or invoice(s), commodity agreements or any other documents that sets out the terms of sales, etc. entered into or to be entered into between the members of the Group and the members of the VIP Group which set(s) out the detailed terms and arrangement of the sale and purchase of the Products
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Products”	the sportswear, apparel, footwear and accessories products of brands which the Company is authorised to distribute, which for the present purpose, including but not limited to <i>Nike, Adidas, PUMA, Converse, Onitsuka Tiger, Rockport, Geox, Levi’s FW, Keds, Hush Puppies, Sperry, PONY, Skechers</i> , etc. brand products
“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
“VIP Group”	Vipshop and its subsidiaries, jointly controlled entities and associates; but for the avoidance of doubt, excludes Baowei
“Vipshop”	Vipshop (China) Co., Ltd. (唯品會(中國)有限公司), a company established in the PRC with limited liability
“%”	per cent.

*For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1: HK\$1.138. 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 rate or at any other rates at all.*

By Order of the Board  
**Wu, Pan-Tsu**  
*Chairman*

Hong Kong, 27 June 2019

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

*Executive Directors*

*Mr. Wu, Pan-Tsu (Chairman) and Mr. Lee, Shao-Wu (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 Mr. Feng Lei Ming*

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