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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
TRANSACTIONS IN RELATION TO
THE FRAMEWORK AGREEMENT WITH YUE YUEN**

For purpose of conducting its business, on 11 November 2021, the Company 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 the Products from time to time during the term of the Framework Agreement.

Yue Yuen is a controlling shareholder of the Company holding 3,311,090,560 Shares (being approximately 61.81% 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 thereunder 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 announcement of the Company dated 13 November 2018 in relation to, inter alia, the 2018 Framework Agreement entered into between the Company and Yue Yuen in relation to the purchase of the Products by members of the PS Sub Group from members of the YY Sub Group for a term commencing on 1 January 2019 and expiring on 31 December 2021.

As the 2018 Framework Agreement is due to expire on 31 December 2021, on 11 November 2021, the Company entered into the Framework Agreement with Yue Yuen to regulate the business relationship between the PS Sub Group and the YY Sub Group in relation to the continuation of purchase of Products through members of the PS Sub Group, from members of the YY Sub Group for a further term of three years commencing on 1 January 2022 and ending on 31 December 2024.

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

FRAMEWORK AGREEMENT

Date: 11 November 2021

Parties: (1) the Company
(2) Yue Yuen

Subject matter: The Company may, through members of the PS Sub Group, purchase from members of the YY Sub Group the Products from time to time during the term of the Framework Agreement.

The Products shall be supplied to members of the PS Sub Group on a cost-plus basis taking into account the raw material and labour costs, factory management and sales expenses and profit margin, 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 by independent third parties, and subject to the annual caps set out below. The purchase prices and terms of purchase orders will be monitored and compared by the management of the Company against, among others, those available from other independent third parties to ensure the reasonableness and competitiveness of the prices and terms offered by members of the YY Sub Group. The management of the Company obtains third party quotations in respect of comparable products from time to time and takes into account the capabilities and background of such third party suppliers, the quality, quantity, price and timely delivery, etc. of such products.

The Company shall procure members of the PS Sub Group to place individual purchase orders with members of the YY Sub Group on a quarterly basis (or such other period as may be agreed) in respect of the purchase of the Products. Upon acceptance of such individual purchase order, Yue Yuen shall procure members of the YY Sub Group to manufacture and sell the Products to members of the PS Sub Group.

Subject to the terms of the Framework Agreement, each individual purchase order of the Products shall set out the specific terms upon which the Products shall be supplied.

Annual caps

The table below sets out the annual caps of amount (exclusive of VAT) in respect of the Products to be purchased by members of the PS Sub Group from members of the YY Sub Group under the Framework Agreement for each of the years ending 31 December 2022, 2023 and 2024.

Year	Annual Cap (exclusive of VAT)
1 January 2022 to 31 December 2022	RMB12,100,000 (equivalent to approximately HK\$14,700,000)
1 January 2023 to 31 December 2023	RMB13,000,000 (equivalent to approximately HK\$15,800,000)
1 January 2024 to 31 December 2024	RMB15,600,000 (equivalent to approximately HK\$18,900,000)

The annual caps for each of the aforesaid years are determined after taking into account (a) the unit price of the Products; (b) the historical transaction amounts of the Products; (c) the expected change of the transaction amounts of the Products from members of the YY Sub Group; and (d) the current market price of the Products. Based on the record provided by the PS Sub Group, the aggregate amounts (exclusive of VAT) of the transactions contemplated under the 2018 Framework Agreement for the years ended 31 December 2019 and 31 December 2020 and the ten months ended 31 October 2021 were approximately RMB12,400,000, approximately RMB6,400,000 and approximately RMB5,400,000 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 and distribution of sportswear and footwear products.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

The principal activities of the Group are distribution and retailing of sportswear and footwear products, provision of sports services and provision of large scale commercial spaces to retailers and distributors for commissions from concessionaire sales.

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 licences in the PRC and Taiwan have been granted to an indirect wholly-owned subsidiary of the Company. As certain members of the YY Sub Group 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 such members of the YY Sub Group. In addition, as members of the YY Sub Group 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 relationship between the Group and Yue Yuen. The Board therefore considers that it is in the interest of the Company to enter into the Framework Agreement.

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 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 3,311,090,560 Shares (being approximately 61.81% 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 thereunder 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.

In addition, each of Mr. Lee, Shao-Wu and Mr. Liao, Yuang-Whang (both of whom are Directors) is interested in 213,000 shares (60,000 of which are unvested share awards) and 30,000 unvested share awards in Yue Yuen respectively. For good corporate governance, Mr. Lee, Shao-Wu and Mr. Liao, Yuang-Whang have voluntarily 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(s)”	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
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 11 November 2021 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
“Group”	the Company and the PS Sub Group
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the 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 and for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Products”	the footwear products manufactured and sold by the YY Sub Group, which for the present purpose, mainly include PONY brand products
“PS Sub Group”	the Company’s subsidiaries, jointly controlled entities and associates from time to 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
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“VAT”	value-added tax
“Yue Yuen”	Yue Yuen Industrial (Holdings) Limited, a company incorporated in Bermuda with limited liability and whose ordinary 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

“2018 Framework Agreement” the framework agreement dated 13 November 2018 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

“%” per cent

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1: HK\$1.2145. 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, 11 November 2021

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

Executive Directors

Mr. Wu, Pan-Tsu (Chairman), Mr. Lee, Shao-Wu (Chief Executive Officer) and Mr. Liao, Yuang-Whang (Chief Financial 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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