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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)**

**(I) CONNECTED TRANSACTION IN RELATION TO  
THE SALE AND PURCHASE AGREEMENT**

**AND**

**(II) THE OPERATION AND SHARE INCENTIVE AGREEMENT**

**THE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 14 November 2016, the Company's indirect wholly-owned subsidiary, Winning Team, entered into the Sale and Purchase Agreement with Key International, an indirect wholly-owned subsidiary of Yue Yuen, pursuant to which Key International has agreed to sell and Winning Team has agreed to purchase the Sale Interests at an aggregate consideration of USD9,226,008.82 (equivalent to approximately HK\$71,962,868.80).

**THE OPERATION AND SHARE INCENTIVE AGREEMENT**

The Board further announces that on 14 November 2016, to provide incentive to the core management members of PCG Bros, the Company agreed under the Operation and Share Incentive Agreement, among other matters, to, upon Completion and subject to the satisfaction of the conditions precedent as set out in the Operation and Share Incentive Agreement, grant 11,663,190 Share Options and 8,336,810 Awarded Shares to Mr. Chang, Yun-Chih and Mr. Hu, Lung-Chih under the Share Option Scheme and Share Award Scheme.

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Yue Yuen is a controlling shareholder of the Company holding 3,295,923,560 Shares representing approximately 61.75% of the issued shares of the Company and is therefore a connected person of the Company. Key International, being an associate of Yue Yuen, is also a connected person of the Company under the Listing Rules. The entering into of the Sale and Purchase Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Sale and Purchase Agreement are more than 0.1% but less than 5%, the Sale and Purchase Agreement is subject to the reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules but is exempt from the independent Shareholders' approval requirement under the Listing Rules.

## THE SALE AND PURCHASE AGREEMENT

A summary of certain key terms of the Sale and Purchase Agreement are as follows:

- Date:** 14 November 2016
- Parties:**
- (1) Key International, an indirect wholly-owned subsidiary of Yue Yuen, as the seller; and
  - (2) Winning Team, an indirect wholly-owned subsidiary of the Company, as the purchaser
- Subject Matter:** The Sale Interests, being 100% of equity interests in PCG Bros.
- Consideration:** USD9,226,008.82 (equivalent to approximately HK\$71,962,868.80) payable by Winning Team to Key International on the Completion Date.

The Consideration was determined after arm's length negotiation between Key International and Winning Team with reference to the unaudited consolidated net asset value of PCG Bros and its subsidiaries as shown in the Management Accounts.

- Completion:** Completion is expected to take place on the Completion Date.

With effect from the Completion Date, all the rights, benefits, obligations, risks and responsibilities associated with the Sale Interests shall pass to Winning Team, and Winning Team shall take over the operational, management and financial control of PCG Bros and its subsidiaries.

At Completion, Winning Team shall deliver or procure the delivery to Key International of a copy of the deed of guarantee executed by Winning Team and/or the Company and/or any of its subsidiaries in favour of PCG BROS Sports for the short term omnibus facility in the sum of USD5,000,000 granted to PCG BROS Sports by a financial institution with effect from the Completion Date.

Upon Completion, PCG Bros and its subsidiaries will become indirect wholly-owned subsidiaries of the Company, and Yue Yuen will remain having an indirect interest and control in PCG Bros and its subsidiaries through its holding of approximately 61.75% of the issued shares of the Company.

## **FINANCIAL INFORMATION OF PCG BROS**

As at 31 October 2016, the unaudited consolidated net asset value of PCG Bros and its subsidiaries was USD9,226,008.82 (equivalent to approximately HK\$71,962,868.80).

PCG Bros was incorporated in 2015, the audited consolidated net loss (before and after taxation) of PCG Bros and its subsidiaries as shown in the audited consolidated statement of financial position and consolidated income statement of PCG Bros and its subsidiaries for the year ended 31 December 2015 prepared in conformity with International Financial Reporting Standards, International Accounting Standard, IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission of the Republic of China was as follows:

Audited consolidated net loss both before and after taxation: USD1,143,145 (equivalent to approximately HK\$8,916,531 (no income tax expense in 2015))

## **INFORMATION ON THE PARTIES**

Yue Yuen is an investment holding company. The principal activities of Yue Yuen are investment holding and the manufacturing and retailing of athletic footwear, athletic style leisure footwear, casual and outdoor footwear.

Key International is an indirect wholly-owned subsidiary of Yue Yuen. The principal business activity of Key International is investment holding.

The Company is an investment holding company and an indirect non-wholly owned subsidiary of Yue Yuen. The principal activities of the Company are retailing of sportswear and distribution of licensed products.

Winning Team is an indirect wholly-owned subsidiary of the Company. The principal business activity of Winning Team is investment holding.

## **THE OPERATION AND SHARE INCENTIVE AGREEMENT**

Pursuant to the Operation and Share Incentive Agreement, the Company has agreed, among other matters, to, upon Completion and subject to the satisfaction of the conditions precedent as set out in the Operation and Share Incentive Agreement, grant 11,663,190 Share Options and 8,336,810 Awarded Shares to Mr. Chang, Yun-Chih and Mr. Hu, Lung-Chih under the Share Option Scheme and Share Award Scheme. Details of the grant of Share Options and Awarded Shares are as follows:

### **Share Options**

<b>Date of grant:</b>	14 November 2016
<b>Exercise price of Share Options granted:</b>	HK\$2.494
<b>Number of Share Options granted:</b>	11,663,190 Share Options, each Share Option entitling the grantees to subscribe for one Share
<b>Closing price of the Share on the date of grant:</b>	HK\$2.410
<b>Average closing price of the Shares for the five Business Days immediately preceding the date of grant:</b>	HK\$2.494
<b>Validity period of the Share Options:</b>	1 September 2017 to 1 September 2023
<b>Vesting date of the Share Options:</b>	Among the Share Options granted, 10% will vest on each of 1 September 2017, 1 September 2018, 1 September 2019, 20% will vest on 1 September 2020 and 50% will vest on 1 September 2021.

### **Awarded Shares**

A total of 8,336,810 Awarded Shares will be granted to Mr. Chang, Yun-Chih and Mr. Hu, Lung-Chih under the Share Award Scheme, among which 4,168,405 Awarded Shares will be awarded to Mr. Chang, Yun-Chih and 4,168,405 Awarded Shares will be awarded to Mr. Hu, Lung-Chih subject to vesting conditions.

In addition, if PCG Bros becomes separately listed in the future, the core management members of PCG Bros will be entitled to certain equity shareholding in PCG Bros.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT AND OPERATION AND SHARE INCENTIVE AGREEMENT**

PCG Bros and its subsidiaries are primarily engaged in sports marketing and organisation of sports events. The acquisition of the Sale Interests is expected to enable the Company to strengthen its talent pool in the sports marketing industry, to build a team of sports marketing professionals and to enter into the sports service industry. Further, through the various marketing activities organised by PCG Bros and its subsidiaries, the acquisition of the Sale Interests is expected to enhance the loyalty of both online and offline members within the Company's existing customer network and expand its traditional sportswear retail and distribution business to providing consultancy, activity planning and venue management services to enterprises, schools and sports event organisations. The original acquisition costs of PCG Bros to Yue Yuen was USD2,593,000 (equivalent to approximately HK\$20,225,400). Additionally, the grant of Share Options and Awarded Shares as well as the transfer of PCG Bros shares upon listing of PCG Bros are aimed to provide incentive to the directors and senior management of PCG Bros. The Directors (including the independent non-executive Directors) are of the view that the Sale and Purchase Agreement is 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 Sale and Purchase Agreement are fair and reasonable and the entering into of the Sale and Purchase 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 representing approximately 61.75% of the issued shares of the Company and is therefore a connected person of the Company. Key International, being an associate of Yue Yuen, is also a connected person of the Company under the Listing Rules. The entering into of the Sale and Purchase Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Sale and Purchase Agreement are more than 0.1% but less than 5%, the Sale and Purchase Agreement is subject to the reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules but is exempt from the independent Shareholders' approval requirement under the Listing Rules.

As Ms. Tsai Patty, Pei Chun is a Director and also a director of Yue Yuen, and Mr. Wu, Pan-Tsu and Mr. Kwan, Heh-Der are Directors and also directors of PCG BROS Sports, they are considered to have a material interest in the Sale and Purchase Agreement by virtue of their directorship with Yue Yuen and PCG BROS Sports respectively and have abstained from voting on the relevant resolution approving the Sale and Purchase Agreement at the Board meeting. Saved as mentioned above, none of the Directors has a material interest in the Sale and Purchase Agreement or is required to abstain from voting on the relevant resolutions approving the Sale and Purchase Agreement at the relevant 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;
“Awarded Shares”	the awarded Shares granted to Mr. Chang, Yun-Chih and Mr. Hu, Lung-Chih under the Share Award Scheme;
“Board”	the board of directors of the Company;
“Business Day(s)”	any day(s) on which the Stock Exchange is open for business of dealings in securities;
“BVI”	British Virgin Islands;
“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 no. 3813;
“Completion”	completion of the sale and purchase of the Sale Interests;
“Completion Date”	14 November 2016, or any such other dates as Key International and Winning Team may agree in writing;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration to be paid by Winning Team to Key International for the Sale Interests;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Key International”	Key International Co., Ltd., a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of Yue Yuen;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Management Accounts”	the unaudited consolidated statement of financial position and consolidated income statement of PCG Bros and its subsidiaries as at the Management Accounts Date;
“Management Accounts Date”	31 October 2016;
“Operation and Share Incentive Agreement”	the operation and share incentive agreement dated 14 November 2016 entered into between the Company, PCG Bros, Mr. Chang, Yun-Chih and Mr. Hu, Lung-Chih in relation to, among other matters, the grant of Share Options and Awarded Shares to Mr. Chang, Yun-Chih and Mr. Hu, Lung-Chih;
“PCG Bros”	PCG Bros (Holdings) Co. Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of Yue Yuen;
“PCG BROS Sports”	PCG BROS Sports Management Co. Ltd. (寶悍運動平台股份有限公司), a company incorporated in Taiwan with limited liability and a direct wholly-owned subsidiary of PCG Bros;
“percentage ratios”	has the meaning ascribed to it under the Listing Rules;
“PRC”	People’s Republic of China;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 November 2016 entered into between Key International and Winning Team in relation to the sale and purchase of the Sale Interests;
“Sale Interests”	100% of equity interests in PCG Bros to be sold to Winning Team pursuant to the Sale and Purchase Agreement, being all the equity interests in PCG Bros held by Key International;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Share Award Scheme”	the share award scheme adopted by the Company on 9 May 2014;
“Shareholder(s)”	shareholder(s) of the Company;

“Share Options”	the share options granted to Mr. Chang, Yun-Chih and Mr. Hu, Lung-Chih under the Share Option Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 14 May 2008 and amended on 7 March 2012;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“USD”	United States Dollar, the lawful currency of the United States;
“Winning Team”	Winning Team Holdings Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“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 no. 551; and
“%”	per cent.

*For the purpose of this announcement, amounts denominated in USD have been translated into HK\$ at an exchange rate of USD1:HK\$7.8. No representation is made that any amounts in USD 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, 14 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 Mr. Shan Xue*

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