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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)**

### **LETTER OF INTENT IN RELATION TO PROPOSED ACQUISITION OF ASSETS**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

On 30 September 2011, PS Investment and Pengda entered into a non-legally binding Letter of Intent in relation to the Proposed Acquisition.

**The Letter of Intent is non-legally binding and the Proposed Acquisition is subject to completion of the due diligence, negotiations and entering into of a formal agreement. As the Proposed Acquisition may or may not be consummated, Shareholders and investors should exercise caution when dealing in the Shares.**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

#### **LETTER OF INTENT**

On 30 September 2011, PS Investment and Pengda entered into a non-legally binding (save as to treatment of Deposit and exclusivity) Letter of Intent in relation to the Proposed Acquisition.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Pengda and its ultimate beneficial owners is third party independent of and not connected with the Company or its connected persons (as defined in the Listing Rules).

## **Major terms of the Letter of Intent**

Under the Letter of Intent, it is proposed that PS Investment will acquire tangible assets (including but not limited to shop operating assets, fixed assets and goods) and intangible assets (including but not limited to the rights associated with the shop assets and provision of business opportunity) in the sportswear retailing business in the PRC owned by Pengda or its related parties.

PS Investment will conduct due diligence on Pengda after execution of the Letter of Intent. Both parties will proceed to the negotiations for a formal agreement upon completion of the due diligence to set out details of the target and structure of the Proposed Acquisition.

Pursuant to the Letter of Intent, PS Investment has agreed to provide compensation to the owners, controllers and operators of Pengda as consideration for providing business opportunities to PS Investment and a non-compete undertaking.

The consideration for the tangible assets under the Proposed Acquisition will be determined based on the due diligence to be conducted by PS Investment and subject to further agreement between both parties. The consideration for the intangible assets is expected to comprise of both cash and new shares in the Company. The manner of payment of the consideration for the Proposed Acquisition and treatment of new shares in the Company will be provided in a formal agreement to be entered into between the parties.

Pursuant to the Letter of Intent, PS Investment will pay a refundable Deposit to Pengda within 10 working days after execution of the Letter of Intent. The Deposit will form part of the consideration for the Proposed Acquisition. In the event that the Proposed Acquisition is not completed on or before 1 February 2012, Pengda shall return the Deposit together with interest thereon.

Pengda has undertaken under the Letter of Intent not to enter into discussions or negotiations with any third party in respect of the Proposed Acquisition or take any action which would prejudice the Proposed Acquisition during the period commencing from the date of the Letter of Intent and ending on (a) the date of execution of the formal agreement; (b) the date of termination of the Proposed Acquisition as agreed between the parties; or (c) 31 January 2012, whichever is the earlier.

Save for the provisions relating to the Deposit and exclusivity as described above, the Letter of Intent is non-legally binding.

## **INFORMATION ON THE COMPANY, PS INVESTMENT AND PENGDA**

The Company is an investment holding company and is a subsidiary of Yue Yuen. The Company and its subsidiaries are leading sportswear retailers in the PRC and are engaged in retail business, brand licensee business and manufacturing business.

Pengda is principally engaged in, inter alia, sportswear retailing business in the PRC. PS Investment is an indirect wholly-owned subsidiary of the Company and its principal business activities are, inter alia, investment holding, import and export of sports related goods, research and development, and provision of procurement and consultation services.

## **REASONS FOR THE PROPOSED ACQUISITION**

The Group has been looking for opportunities to expand its retail network to various geographic regions in the PRC. The Proposed Acquisition will strengthen the Company's market position in regards to geographic coverage in the retail sportswear industry in the PRC.

## **LISTING RULES IMPLICATION**

The Proposed Acquisition, if materialises, may constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement containing required disclosure under Chapter 14 of the Listing Rules will be made by the Company if and when necessary.

**The Letter of Intent is non-legally binding and the Proposed Acquisition is subject to completion of the due diligence, negotiations and the entering into of the formal agreement. As the Proposed Acquisition may or may not be consummated, Shareholders and investors should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“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
“Deposit”	a refundable deposit in relation to the Proposed Acquisition
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Letter of Intent”	the letter of intent dated 30 September 2011 entered into between PS Investment and Pengda in relation to the Proposed Acquisition

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pengda”	上海鵬達體育用品有限公司 (Shanghai Pengda Sports Goods Company Limited), a company established in the PRC with limited liability
“Proposed Acquisition”	the proposed acquisition of the tangible assets and intangible assets in the sportswear retailing business in the PRC owned by Pengda or its related parties
“PRC”	the People’s Republic of China
“PS Investment”	常勝投資有限公司(Pou Sheng (China) Investment Co., Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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

By Order of the Board of  
**Pou Sheng International (Holdings) Limited**  
**Tsai David, Nai Fung**  
*Chairman*

Hong Kong, 30 September 2011

*As at the date of this announcement, Mr. Tsai David, Nai Fung is the Chairman and non-executive director; Ms. Chang Karen Yi-Fen is the Chief Executive Officer and executive director; Ms. Tsai Patty, Pei Chun and Ms. Kuo, Li-Lien are the non-executive directors; and Mr. Chen Huan-Chung, Mr. Hu Sheng-Yih and Mr. Chang Li Hsien, Leslie are the independent non-executive directors.*

*Website: [www.pousheng.com](http://www.pousheng.com)*