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Overseas Persons

This document contains information on the proposed privatization of Pou Sheng International (Holdings) Limited (“**Pou Sheng**”) by Pou Chen Corporation (“**Pou Chen**”) by way of a scheme of arrangement under Section 99 of the Companies Act 1981 of Bermuda (the “**Proposal**”). Any persons resident outside the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”) who wish to view this document must first satisfy themselves that they are not subject to any local requirements which prohibit or restrict them from doing so.

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The full terms and conditions of the Proposal are contained in the scheme document in relation to the Proposal dated 12 March 2018 (the “**Scheme Document**”) mailed to relevant shareholders of Pou Sheng separately. Any investment decision with respect to the exercise of the rights attached to any securities mentioned in this document must be made exclusively on the basis of the Scheme Document including any supplements thereto and not on the basis of the information provided in this document.

Before making any investment decision, or exercising any right attaching to a share or other security, you should seek appropriate advice from a lawyer, stockbroker, or independent financial adviser (in each case qualified and/or authorized).

General

This document has been prepared solely for the purpose of providing information about the Proposal. Pou Sheng reserves the right to add, modify or delete any information at this document at any time.

Definitions and headings

The definitions used in the Scheme Document apply throughout this notice unless otherwise defined. Headings in this notice are provided for information and convenience only and should not be treated as affecting its meaning.

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Questions & Answers

Unless otherwise defined, capitalized terms shall have the meanings given in the scheme document dated 12 March 2018 jointly issued by Pou Sheng and Pou Chen (the “Scheme Document”).

Question : 1. What is the Proposal?

Answer :

The Proposal refers to the proposed privatization of Pou Sheng International (Holdings) Limited (“Pou Sheng” or the “Company”) by Pou Chen Corporation by way of a scheme of arrangement and the withdrawal of listing of the Pou Sheng Shares from the Stock Exchange. Under the Proposal, Pou Chen will pay you as a shareholder of the Company a Cancellation Price of HK\$2.03 per Pou Sheng Share in cash. If the Proposal is completed, the Company will become 100% owned by Pou Chen Corporation.

Question : 2. How is the Proposal being implemented?

Answer :

The Proposal will be implemented by way of a Scheme of Arrangement under Section 99 of the Bermuda Companies Act (the “Scheme”).

Question : 3. What is the rationale of the Proposal?

Answer :

The sporting goods industry in which the Company is a market player has been experiencing changes and headwinds in recent years, with challenges coming from the rise of online shopping and increased market competition. Thus, market players in the sector need to explore new initiatives and business models to actively adapt to the shifting market dynamics and remain competitive in the industry.

The Proposal seeks to privatize Pou Sheng for the purposes of:

- Streamlining the corporate and management structure while Pou Sheng is enhancing its business under intense market competitions; and
- Offering existing Pou Sheng Shareholders an exit at reasonable price, given that the share price of Pou Sheng might fluctuate during the enhancement and transformation of Pou Sheng’s businesses.

The Proposal provides the opportunity to public Pou Sheng Shareholders to monetize their investment.

Question : 4. What are the key conditions to the Proposal?

Answer :

The Proposal is subject to several key conditions including:

- Approval of the Scheme at the Court Meeting (majority in number, 75% in favor and not more than 10% disapproving);
- Shareholder approval at the SGM;
- Bermuda Court sanction;
- Procedural requirements and conditions of the Bermuda Companies Act;
- Taiwan Investment Commission approval for Pou Chen and Yue Yuen;
- Shareholder approval at Yue Yuen SGM to approve the Yue Yuen disposal; and
- Other conditions as set out in the Scheme Document.

Please refer to the section headed “3. Conditions to the Proposal and the Scheme” in the explanatory statement in Part VII of the Scheme Document for full details.

Question : 5. What is the Cancellation Price for every Scheme Share?

Answer :

The Cancellation Price is HK\$2.03 for each Pou Sheng Share that you own. For example, if you own 10,000 Pou Sheng Shares, you will receive HK\$20,300 in cash if the Scheme is successfully implemented.

Question : 6. How does the Cancellation Price compare with the market price of Pou Sheng Shares?

Answer :

The Cancellation Price represents a premium of

1. 31.82% over the closing price of Pou Sheng Share on the last trading day before the announcement of the Proposal
2. 51.11% over the 120-day average closing price of Pou Sheng Share before the announcement of the Proposal
3. 1.50% over the closing price of Pou Sheng Share on the latest practicable date before dispatch of the Scheme Document

Question : 7. What happens when the Scheme becomes effective?

Answer :

If the Scheme becomes effective, your Pou Sheng Shares will be cancelled and you will receive the Cancellation Price. The Company will also cease to be listed on the Stock Exchange. The Company will become 100% owned by Pou Chen Corporation.

Question : 8. What happens if the Scheme is not approved?

Answer :

If the Scheme is not approved, the Company will remain listed and you will continue to be a Pou Sheng Shareholder.

Question : 9. How will the Proposal benefit me as a Shareholder?

Answer :

Under the Proposal, you as a Pou Sheng Shareholder will receive a Cancellation Price of HK\$2.03 per Pou Sheng Share in cash.

The Proposal is an opportunity for you to realize your investment at a premium to the Pou Sheng Share price before the Proposal was announced on 21 January 2018.

Question: 10. I am also a shareholder of Yue Yuen. What is the implication to Yue Yuen's stock performance in the future?

Answer :

We are not in the position to predict stock market movements or answer questions on behalf of other companies.

Question : 11. What is the recommendation from the Independent Financial Adviser?

Answer :

The Independent Financial Adviser to the Independent Board Committee of the Company, Anglo Chinese Corporate Finance, Limited, considers the Scheme to be fair and reasonable, and advises the Independent Board Committee of the Company to recommend Scheme Shareholders to **vote in favor** of the Scheme. For further details, please refer to Part VI of the Scheme Document for the "*Letter from Anglo Chinese*".

Question : 12. What is the recommendation from the Independent Board Committee?

Answer :

The Independent Board Committee of the Company, having taken into account the opinion of the Independent Financial Adviser, recommends that Scheme Shareholders **vote in favor** of the Scheme. For further details, please refer to Part V of the Scheme Document for the “*Letter from the Independent Board Committee*”.

Question : 13. Should Pou Sheng Shareholders support the Proposal?

Answer :

Pou Sheng Shareholders should take into account their own investment considerations when making their voting decision.

Full details are outlined in the Scheme Document including the recommendation from the Independent Financial Adviser and the Independent Board Committee of the Company to **VOTE IN FAVOR** of the Scheme.

It is important that Pou Sheng Shareholders read the Scheme Document and make their own informed and independent decisions.

Question : 14. What is the next step for Pou Sheng Shareholders?

Answer :

Cast your vote either in person or by proxy at the Court Meeting and the SGM.

The Court Meeting will be held at 9:30 a.m., Monday, 9 April 2018 at Centenary Room III, G/F, Marco Polo Hongkong Hotel, 3 Canton Road, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong

The SGM will be held at 10:00 a.m., Monday, 9 April 2018 (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) at the same venue as the Court Meeting.

Full details are outlined in the notices of the Court Meeting and SGM in Appendices IV and V to the Scheme Document.

Question : 15. How can I vote?

Answer :

FIRST, check with your broker or financial adviser as to how you hold your Pou Sheng Shares

If you are a **registered Pou Sheng Shareholder**:

You may vote in person or by proxy at the Court Meeting and the SGM.

If you vote by proxy, please fill in all of the following forms:

- PINK form: for the Court Meeting
- WHITE form: for the SGM

The forms should be lodged with the Company's branch share registrar and transfer office in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time of the relevant meeting. The **pink** form may alternatively be handed to the Chairman of the Court Meeting at the Court Meeting.

If your shares are **deposited at CCASS and registered under the name of HKSCC Nominees limited**, you must contact your broker, custodian or nominee so that they have time to make arrangements with HKSCC Nominees to vote your shares in the manner you instruct.

If you are a **Beneficial Owner and your shares are held upon trust by, and registered in the name of a Registered Owner (other than HKSCC Nominees Limited)**, you should give instructions to the Registered Owner as to the manner in which your shares should be voted at the Court Meeting and the SGM.

Question : 16. What is the pink form?

Answer :

The pink form is the form of proxy for use at the Court Meeting to vote on the Scheme. Instead of attending the Court Meeting in person, you can fill in and return the pink form with your voting instructions for the Court Meeting.

Question : 17. What is the white form?

Answer :

The white form is the form of proxy for use at the SGM. Instead of attending the SGM in person, you can fill in and return the white form with your voting instructions for the SGM.

Question : 18. When will I receive the Cancellation Price?

Answer :

If the Scheme becomes effective on 30 May 2018 (Bermuda time), the Cancellation Price in the form of cheque will be dispatched on or before 8 June 2018.

Question : 19. If I have questions, who I can contact directly?

Answer :

You can contact the Company via the hotlines below:
(852) 3589 6532 for English; (852) 3589 6539 for Chinese.

Or, you can visit www.pousheng.com for more information. The relevant materials are in the website.