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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY FOUR SHARES HELD
ON THE RECORD DATE**

Underwriter



YUE YUEN INDUSTRIAL (HOLDINGS) LIMITED

裕元工業（集團）有限公司*

(stock code: 551)

Financial Advisor to Pou Sheng



PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$522,918,088 to HK\$526,696,272 (before expenses) by issuing not less than 1,065,006,290 Rights Shares and not more than 1,072,701,165 Rights Shares at the Subscription Price of HK\$0.4910 per Rights Share. The nil-paid Rights Shares will be provisionally allotted to the Qualifying Shareholders on the basis of one Rights Share for every four Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue will not be available to the Excluded Shareholders. Excess application of Rights Shares may be made by the Qualifying Shareholders. The net proceeds from the Rights Issue are estimated to be approximately HK\$518,018,088 to HK\$521,796,272. In the event that the Rights Issue becomes unconditional, the Company intends to utilise the net proceeds of the Rights Issue for repayment of existing loan facilities of the Group, business expansion and general working capital of the Group.

* For identification purpose only

Assuming that no outstanding Share Options are exercised and no new Shares are issued under the Yichuan Transaction before the Record Date, the aggregate number of the Rights Shares to be issued pursuant to the terms of the Rights Issue amounts to 1,065,006,290 Shares and represents (i) 25% of the Company's existing issued share capital; and (ii) approximately 20% of the issued share capital of the Company as enlarged by the issue and allotment of the Rights Shares.

If all outstanding and vested Options are exercised in full and 6,330,000 new Shares are issued under the Yichuan Transaction before the Record Date, the aggregate number of the Rights Shares to be issued pursuant to the terms of the Rights Issue amounts to 1,072,701,165 Shares and represents (i) 25% of the Company's existing issued share capital; and (ii) approximately 20% of the issued share capital of the Company as enlarged by the issue and allotment of the Rights Shares.

Pursuant to the Undertaking, Yue Yuen and Major Focus have undertaken to the Company to subscribe or procure the subscription of 606,070,905 Rights Shares in an aggregate amount of approximately HK\$297,580,814 being Major Focus' provisional allotment of Rights Shares.

Pursuant to the Underwriting Agreement, the Underwritten Rights Shares, to the extent not subscribed by Shareholders, will be fully underwritten by the Underwriter subject to the conditions set out in the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement or the conditions of the Rights Issue set out below under the paragraph headed "Conditions of the Rights Issue" are not satisfied or waived in whole or in part by the Underwriter, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to, among other things, the fulfillment or waiver of the conditions set out in the paragraph headed "Conditions of the Rights Issue" below. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed and the Shareholders and the public are reminded to exercise caution when dealing in the Shares.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating any dealings in the Shares or Rights Shares in their nil-paid form is recommended to consult their own professional advisers.

GENERAL

As the proposed Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders.

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus (without the PAL and EAF) will be despatched to the Excluded Shareholders for information only.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	One Rights Share for every four Shares held by the Qualifying Shareholders on the Record Date
Number of Shares in issue as at the date of this announcement	:	4,260,025,163 Shares
Number of Rights Shares	:	Not less than 1,065,006,290 Rights Shares (assuming that no outstanding Share Options are exercised and no new Shares are issued under the Yichuan Transaction before the Record Date) and not more than 1,072,701,165 Rights Shares (assuming that all outstanding and vested Share Options are exercised in full and 6,330,000 new Shares are issued under the Yichuan Transaction before the Record Date)
Aggregate nominal value of the Rights Shares	:	Not less than HK\$10,650,062.90 and not more than HK\$10,727,011.65
Subscription Price	:	HK\$0.4910 per Rights Share
Enlarged issued share capital of the Company upon completion of the Rights Issue (assuming that no outstanding Share Options are exercised and no new Shares are issued under the Yichuan Transaction before the Record Date)	:	5,325,031,453 Shares

Enlarged issued share capital of the Company upon completion of the Rights Issue (assuming that all outstanding and vested Share Options are exercised in full and 6,330,000 new Shares are issued under the Yichuan Transaction before the Record Date)	:	5,363,505,828 Shares
Funds raised before expenses	:	Between approximately HK\$522,918,088 to HK\$526,696,272
Underwriter	:	Yue Yuen Industrial (Holdings) Limited

Basis of Provisional Allotment

One Rights Share for every four Shares held by a Qualifying Shareholder on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

As at the date of this announcement, there were outstanding Share Options entitling the holders to subscribe for 79,618,000 Shares of which 24,449,500 Share Options have vested and are exercisable.

The Rights Issue may cause adjustments to the Subscription Price and the number of Shares to be issued under the outstanding Share Options under the terms of the Share Option Scheme. Any adjustments to the terms of the Share Options shall be made pursuant to the Share Option Scheme and in compliance with Rule 17.03(13) of the Listing Rules. Further announcement will be made in this regard if there is any adjustment.

Save for the outstanding Share Options as mentioned above, the Yichuan Transaction and the Pengda Transaction the Company has no other outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the date of this announcement.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.4910 per Rights Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 3.4% to the closing price of HK\$0.4750 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.0% to the average closing price of approximately HK\$0.4720 per Share for the five consecutive trading days ended on the Last Trading Day;
- (iii) a discount of approximately 5% to the average closing price of approximately HK\$0.5168 per Share for the thirty consecutive trading days ended on the Last Trading Day; and
- (iv) a premium of approximately 2.7% to the theoretical ex-rights price of approximately HK\$0.4782 per Share based on the closing price of HK\$0.4750 per Share as quoted on the Stock Exchange on the Last Trading Day.

Assuming no outstanding Share Options are exercised and no new Shares are issued under the Yichuan Transaction before the Record Date, the Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 25% of the existing issued share capital of the Company and will represent approximately 20% of the issued share capital of the Company as enlarged by the Rights Issue. Assuming all outstanding and vested Share Options are exercised in full and 6,330,000 new Shares are issued under the Yichuan Transaction before the Record Date, the Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 25% of the existing issued share capital of the Company and will represent approximately 20% of the issued share capital of the Company as enlarged by the Rights Issue. Based on the Subscription Price of HK\$0.4910 and assuming no change in the shareholding structure of the Company from the date of this announcement to immediately after completion of the Rights Issue, the gross proceeds to be raised by the Company from the Rights Issue will amount to between approximately HK\$522,918,088 to HK\$526,696,272 (before expenses).

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company on the Record Date, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Registrar by 4:30 p.m. (Hong Kong time) on Monday, 8 October 2012.

The Company will send the Rights Issue Documents to the Qualifying Shareholders and will send the Prospectus (without the PAL and EAF), for information only, to the Excluded Shareholders on Tuesday, 16 October 2012.

Excluded Shareholders

The Prospectus will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong and Bermuda.

The Directors will make enquiries pursuant to Rule 13.36(2) of the Listing Rules. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholders from the Rights Issue, no Rights Shares will be offered to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The Company will send the Prospectus (without the PAL and EAF) to the Excluded Shareholders for their information only.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of such sale, less expenses and stamp duty, above HK\$100 will be paid to the relevant Excluded Shareholders in Hong Kong dollars (pro rata to their shareholdings). The Company will retain individual amount of HK\$100 or less than HK\$100 for the benefit of the Company. Any unsold entitlements of the Excluded Shareholders will be available for excess application on the EAF by the Qualifying Shareholders.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot fractions of the Rights Shares but fractional entitlements will be aggregated and made available for excess application on the EAF by the Qualifying Shareholders.

Application for excess Rights Shares

The Directors will allocate the excess Rights Shares (if any) at their discretion with reference to the level of acceptance of the Rights Shares and the number of excess Rights Shares available on a fair and equitable basis on the following principles:

- (i) subject to availability of the excess Rights Shares, preference will be given to the Qualifying Shareholders topping up odd lots to whole board lots where it appears to the Directors that such applications are not made with the intention to abuse such mechanism; and
- (ii) subject to availability of the excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the excess Rights Shares applied by them, with board lots allocation to be made on a best effort basis.

In applying the principle in (i) above, reference will only be made to the number of excess Rights Shares being applied for. No reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by the Qualifying Shareholders.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar for completion of the relevant registration by 4:30 p.m. (Hong Kong time) on Monday, 8 October 2012.

Status of the Rights Shares

When issued and fully paid, the Rights Shares will rank pari passu in all respects with the existing Shares. Holders of fully-paid Rights Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Application for Listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The board lot size of nil-paid Rights Shares is the same as that of the fully-paid Rights Shares of 1,000 Shares.

No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any stock exchange other than the Stock Exchange.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC as deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operation Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional advisors for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp Duty and other fees and charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the Registrar will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy and other applicable fees and charges in Hong Kong.

Share Certificates and Refund Cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be posted to the Qualifying Shareholders, and in the case of joint Qualifying Shareholders, to the first-named Qualifying Shareholders, by ordinary post, at their own risks, on or around Thursday, 8 November 2012. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or around Thursday, 8 November 2012 by ordinary post to the Qualifying Shareholders, and in the case of the joint Qualifying Shareholders, to the first-named Qualifying Shareholders, at their own risk.

UNDERTAKING GIVEN BY YUE YUEN AND MAJOR FOCUS

Pursuant to the Undertaking, Yue Yuen and Major Focus have undertaken to the Company to subscribe or procure the subscription of 606,070,905 Rights Shares in an aggregate amount of approximately HK\$297,580,814 being Major Focus' provisional allotment of Rights Shares.

THE UNDERWRITING AGREEMENT

Date	:	21 September 2012
Underwriter	:	Yue Yuen Industrial (Holdings) Limited
Total number of Underwritten Rights Shares	:	Not less than 458,935,385 Rights Shares and not more than 466,630,260 Rights Shares
Commission	:	Nil

Pursuant to the Underwriting Agreement, the Underwriter has agreed to subscribe or procure subscribers to subscribe for all Underwritten Rights Shares which are not subscribed for, subject to terms and conditions set out in the Underwriting Agreement in particular the fulfilment of the conditions contained therein. The Company has undertaken that save for issue of new Shares under an exercise of existing Share Options, Yichuan Transaction and the Pengda Transaction, it will not issue or agree to issue new Shares or other convertible securities for a period of 90 days from and including the date of the Underwriting Agreement.

Yue Yuen through Major Focus holds 2,424,283,622 Shares representing approximately 56.91% of the total issued shares as at the date of this announcement. As such, Yue Yuen is a connected person of the Company under Chapter 14A of the Listing Rules. The underwriting of the Rights Issue by Yue Yuen under the Underwriting Agreement constitutes a connected transaction for Pou Sheng which is exempted from announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Yue Yuen is an investment holding company. The principal activities of Yue Yuen and its subsidiaries are the manufacturing (as original equipment manufacturer and original design manufacturer) and sales of athletic footwear, athletic style leisure footwear, casual and outdoor footwear. It is not in the ordinary course of business of Yue Yuen to underwrite issues of shares.

The Board considers the terms of the Underwriting Agreement including the commission rate were determined after arm's length negotiations between the Company and the Underwriter and are fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. The obligations of the Underwriter under the Underwriting Agreement are conditional on:

- (i) (a) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Rights Issue Documents each duly certified in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto) and (b) the delivery and filing with the Registrar of Companies in Bermuda in accordance with the requirements of the Companies Act of one copy of each of the Rights Issue Documents each duly certified as required by the Companies Act and otherwise complying with the requirements of the Companies Ordinance, the Companies Act and the Listing Rules;
- (ii) the posting on the Posting Date of copies of the Rights Issue Documents to the Qualifying Shareholders;
- (iii) compliance by the Company with certain obligations under the Underwriting Agreement;
- (iv) the Listing Committee granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and the Listing Committee not having withdrawn or revoked such listings and permission on or before 5:00 p.m. on the Settlement Date;
- (v) (a) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days (other than any suspension pending clearance of the announcement in respect of the Rights Issue) and (b) no indication being received before 5:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (vi) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof; and
- (vii) if required, the Bermuda Monetary Authority granting consent to the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms under the Rights Issue.

The Underwriter has the sole discretion to waive the above conditions other than conditions in (i)(a), (i)(b), (ii), (iii), (iv), (v)(b) and (vii). In the event that conditions (i)(a), (ii), (iii) and (vii) have not been satisfied and/or waived in whole or in part by the Underwriter on or before the Posting Date (or the relevant dates set out therein) or in the event that the conditions (i)(b), (iv) and (v)(b) have not been satisfied on or before 5.00 p.m. on the Settlement Date (or such later date as the Underwriter and the Company may agree), all liabilities of the parties thereto shall cease and determine and none of the parties shall have any claim against the other (save in respect of any antecedent breaches and claims).

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 5:00 p.m. on the Settlement Date if there occurs:

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including any disruption to trading generally or trading in any securities of the Company on any stock exchange, or a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict; or
- (iii) any act of God, fire, flood, explosion, epidemic, war, act of terrorism, riot, public disorder, civil commotion, strike or lock-out; or
- (iv) any suspension or a material limitation in trading in securities generally on the Stock Exchange, or a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong;

and in the absolute opinion of the Underwriter, such change could have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 5:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement; or

- (ii) the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue, inaccurate or misleading, or would be untrue, inaccurate or misleading if repeated as provided in the Underwriting Agreement;

the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and none of the parties thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims). If the Underwriter exercises such right, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is subject to, among other things, the fulfilment or waiver of the conditions set out in the paragraph headed “Conditions of the Rights Issue” above. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed and the Shareholders and the public are reminded to exercise caution when dealing in the Shares.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealing in the Rights Shares in their nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating any dealings in the Shares or Rights Shares in their nil-paid form is recommended to consult their own professional advisers.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 9 October 2012 to Monday, 15 October 2012, both days inclusive, for the purpose of establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

The expected timetable of the Rights Issue is set out below: 2012

Publication of the announcement about the Rights Issue. Friday, 21 September

Last day of dealings in the Shares on a cum-rights basis. Thursday, 4 October

Ex-date (the first day of dealings in the Shares) on an ex-rights basis	Friday, 5 October
Latest time for lodging transfers of Shares to qualify for the Rights Issue	4:30 p.m. on Monday, 8 October
Book close period to determine the entitlements to the Rights Issue (both dates inclusive)	Tuesday, 9 October to Monday, 15 October
Record Date	Monday, 15 October
Registration of Prospectus.	Monday, 15 October
Register of members of the Company re-opens.	Tuesday, 16 October
Despatch of Rights Issue Documents	Tuesday, 16 October
First day of dealings in nil-paid Rights Shares	Thursday, 18 October
Latest time for splitting of nil-paid Rights Shares.	4:30 p.m. on Monday, 22 October
Last day of dealings in nil-paid Rights Shares	Friday, 26 October
Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares.	4:00 p.m. on Wednesday, 31 October
Latest time for the Rights Issue to become unconditional	Monday, 5 November
Announcement of the results of the Rights Issue to be published	Wednesday, 7 November
Despatch of certificates for fully-paid Rights Shares and refund cheques	Thursday, 8 November
Expected first day of dealings in fully-paid Rights Shares on the Stock Exchange	Friday, 9 November

All times specified in this announcement refer to Hong Kong times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. The Company will make further announcement if there is any change to the above timetable.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 31 October 2012. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 31 October 2012. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on Wednesday, 31 October 2012, the dates mentioned in the section headed “Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company assuming that there is no change in the shareholding structure of the Company from the date of this announcement to immediately after completion of the Rights Issue.

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full (Assuming no exercise of Share Options and no new Shares are issued under the Yichuan Transaction)		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full (Assuming all outstanding and vested Share Options are exercised in full and 6,330,000 new Shares are issued under the Yichuan Transaction)		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders, other than Yue Yuen and Major Focus, take up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent (Assuming no exercise of Share Options and no new Shares are issued under the Yichuan Transaction)		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders, other than Yue Yuen and Major Focus, take up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent (Assuming all outstanding and vested Share Options are exercised in full and 6,330,000 new Shares are issued under the Yichuan Transaction)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholder:										
Major Focus/Underwriter	2,424,283,622	56.91	3,030,354,527	56.91	3,030,354,527	56.50	3,489,289,912	65.53	3,496,984,787	65.20
Director:										
Tsai David, Nai Fung	4,833,000	0.11	6,041,250	0.11	6,041,250	0.11	4,833,000	0.09	4,833,000	0.09
Tsai Patty, Pei Chun	4,460,000	0.10	5,575,000	0.10	5,575,000	0.10	4,460,000	0.08	4,460,000	0.08
sub-total	2,433,576,622	57.12	3,041,970,777	57.12	3,041,970,777	56.71	3,498,582,912	65.70	3,506,277,787	65.37
Public	1,826,448,541	42.88	2,283,060,676	42.88	2,321,535,051	43.29	1,826,448,541	34.30	1,857,228,041	34.63
Total	<u>4,260,025,163</u>	<u>100</u>	<u>5,325,031,453</u>	<u>100</u>	<u>5,363,505,828</u>	<u>100</u>	<u>5,325,031,453</u>	<u>100</u>	<u>5,363,505,828</u>	<u>100</u>

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Directors consider that it would be in the best interest of the Company and the Shareholders as a whole to raise long-term equity capital through a Rights Issue to refinance its borrowings and to strengthen its capital base at a reasonable pricing for Shares of the Company under the prevailing market conditions where long-term debt raising is relatively expensive. The Rights Issue will also offer existing Shareholders the opportunity to participate in the future development of the Company on equal terms. The Company may further refinance the Group's borrowings with lower cost debt if the conditions are favourable to the Group.

The net proceeds from the Rights Issue are estimated to be approximately HK\$518,018,088 to HK\$521,796,272 (i.e. HK\$0.4864 to HK\$0.4864 per Rights Share). In the event that the Rights Issue becomes unconditional, the Company intends to utilise the net proceeds of the Rights Issue for repayment of existing loan facilities of the Group, business expansion and general working capital of the Group.

FUND RAISING EXERCISES OF THE COMPANY

The Company had not conducted any fund raising exercise by way of issue of equities in the past 12 months immediately preceding the date of this announcement.

GENERAL

As the proposed Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders.

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus (without the PAL and EAF) will be despatched to the Excluded Shareholders for information only.

DEFINITIONS

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

“Acceptance Date”	Wednesday, 31 October 2012 (or such other time or date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares)
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for business of dealings in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Pou Sheng International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules

“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the form of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares
“Excluded Shareholders”	those Overseas Shareholders whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	20 September 2012
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Focus”	Major Focus Management Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Yue Yuen, which is the registered holder of 2,424,283,622 Shares representing approximately 56.91% of the total issued Shares, and a controlling shareholder
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong

“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Pengda Transaction”	the Company’s acquisition of certain assets relating to the sportswear and retailing business, which forms the subject of the Company’s announcements dated 30 September 2011, 21 December 2011 and 13 January 2012
“Posting Date”	Tuesday, 16 October 2012 or such other date as the Underwriter may agree in writing with the Company as the date of despatch of the Rights Issue Documents
“Prospectus”	the prospectus to be despatched to Shareholders containing details of the Rights Issue
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company as at the Record Date
“Record Date”	Monday, 15 October 2012 (or such other date as the Underwriter may agree in writing with the Company), being the date by reference to which entitlements to the Rights Issue are to be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one Rights Share for every four Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Rights Issue Documents
“Rights Issue Documents”	the Prospectus, PAL and EAF
“Rights Shares”	Shares to be issued and allotted under the Rights Issue, being not less than 1,065,006,290 Shares and not more than 1,072,701,165 Shares

“Settlement Date”	Monday, 5 November 2012, being the third Business Day following the Acceptance Date (or such other time or date as the Underwriter and the Company may agree in writing) as the day for settlement of the Rights Issue
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option(s)”	the share option(s) granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 14 May 2008 and amended on 7 March 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.4910 per Rights Share
“Undertaking”	the irrevocable undertaking dated 21 September 2012 given by Yue Yuen and Major Focus to the Company to subscribe or procure the subscription of the Rights Shares provisionally allotted to it
“Underwriter” or “Yue Yuen”	Yue Yuen Industrial (Holdings) Limited (stock code: 551), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange, which is a controlling Shareholder
“Underwriting Agreement”	the underwriting agreement dated 21 September 2012 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue

“Underwritten Rights Shares”	not less than 458,935,385 Rights Shares and not more than 466,630,260 Rights Shares (being all the Rights Shares other than the Rights Shares that have been provisionally allotted to Yue Yuen and Major Focus and/or their respective nominee(s) and undertaken to be subscribed pursuant to the Undertaking) which are fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement
“Yichuan Transaction”	the Company’s acquisition through its subsidiary of interest in Zhejiang Yichuan Sports Goods Chain Company Limited which forms the subject of the Company’s announcement dated 6 August 2010
“%”	per cent.

By Order of the Board
Tsai David, Nai Fung
Chairman

Hong Kong, 21 September 2012

As at the date of this announcement, Mr. Tsai David, Nai Fung is the Chairman and Non-executive Director; Mr. Kwan, Heh-Der is the Chief Executive Officer and Executive Director; Mr. Wu, Pan-Tsu is the 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.

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