
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this Prospectus, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for independent professional advice. Capitalised terms used herein shall have the same meanings as those defined in the section headed “Definitions” in this Prospectus, unless otherwise stated.

If you have sold or transferred all your Shares in Pou Sheng International (Holdings) Limited, you should at once hand this Prospectus and the accompanying PAL(s) and EAF(s) to the purchaser(s) or other transferee(s) or bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Rights Issue Documents, together with the written consent of Deloitte Touche Tohmatsu, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance. A copy of each of the Rights Issue Documents has been, or will be, filed as soon as reasonably practicable with the Registrar of Companies in Bermuda in accordance with the requirements of the Companies Act. The Registrar of Companies in Hong Kong, the Registrar of Companies in Bermuda and the Bermuda Monetary Authority take no responsibility for the contents of any of these documents. You should read the whole of the Rights Issue Documents including the discussions of certain risks and other factors as set out in the paragraphs headed “Warning of the risks of dealing in Shares and the Rights Shares in nil-paid form” in the “Letter from the Board” in this Prospectus.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange, HKSCC and the Securities and Futures Commission take no responsibility for the contents of the Rights Issue Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Rights Issue Documents.



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



The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 31 October 2012. The procedures for acceptance and payment or transfer of the Rights Shares are set out on page 12 of this Prospectus.

The Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out in the section headed “Termination of the Underwriting Agreement” on page 7 of this Prospectus.

Shareholders should note that the existing Shares have been dealt in on ex-rights basis from Friday, 5 October 2012. The Rights Shares in their nil-paid form will be dealt in from Thursday, 18 October 2012 to Friday, 26 October 2012 (both dates inclusive). If prior to the latest time for termination, the Underwriter terminates the Underwriting Agreement or if any of the other conditions of the Rights Issue as set out in the paragraphs headed “Conditions of the Rights Issue” contained in this Prospectus is not fulfilled, the Rights Issue will not proceed. **If the Underwriter terminates or rescinds the Underwriting Agreement, the Rights Issue will not proceed.**

Any dealings in the Shares or Rights Shares in their nil-paid form up to the date on which all the conditions of the Rights Issue are fulfilled (which is expected to be at 5:00 p.m., Monday, 5 November 2012), will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares or Rights Shares in their nil-paid form who is in any doubt about his/her position is recommended to consult his/her own professional adviser.

* For identification purposes only

NOTICE

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING EXTENDED TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN, OR INVESTORS WHO ARE LOCATED OR RESIDENT IN, ANY OF THE JURISDICTIONS OUTSIDE HONG KONG. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF will be registered or filed under the securities laws of any jurisdiction outside Hong Kong and Bermuda and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions outside Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions outside Hong Kong are referred to the paragraphs headed “Qualifying Shareholders” and “Excluded Shareholders” under the section headed “Letter from the Board” of this Prospectus.

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DEFINITIONS

In this Prospectus, the following expressions have the meanings set out below unless the context otherwise requires.

“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
“Announcement”	the announcement of the Company dated 21 September 2012, in relation to the Rights Issue
“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 from the Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“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, being the last trading day prior to the date of the Announcement
“Latest Practicable Date”	12 October 2012, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information in this Prospectus
“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 holder of 2,424,283,622 Shares representing approximately 56.82% 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
“PCC”	Pou Chen Corporation, a substantial shareholder of Yue Yuen Industrial (Holdings) Limited
“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
“PRC”	The People’s Republic of China
“Posting Date”	Tuesday, 16 October 2012 (or such other date as the Underwriter may agree in writing with the Company), being the date of despatch of the Rights Issue Documents
“Prospectus”	this prospectus

DEFINITIONS

“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 1,066,588,790 Shares
“Settlement Date”	Monday, 5 November 2012, being the third Business Day following the Acceptance Date (or such other 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

DEFINITIONS

“Subscription Price”	HK\$0.4910 per Rights Share
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“take up” or “taken up”	in the context of the Rights Issue, such Rights Shares in respect of which the valid PALs and EAFs have been lodged and accompanied by cheques or other remittances for the full amount payable in respect thereof
“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”	460,517,885 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
“US\$”	United States dollars, the lawful currency of United States of America
“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.

For the purpose of this Prospectus, amounts denominated in US\$ have been translated into HK\$ at an exchange rate of US\$1:HK\$7.75. No representation is made that any amounts in US\$ and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Rights Issue. The timetable is subject to change in accordance with the agreement between the Company and the Underwriter. The Company will notify the Shareholders on any changes to the expected timetable as and when appropriate.

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

2012

Record Date	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 Prospectus refer to Hong Kong times.

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

EXPECTED TIMETABLE

- (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.

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.

LETTER FROM THE BOARD



POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3813)

Board of Directors:

Chairman and Non-executive Director:

Tsai David, Nai Fung

Chief Executive Officer and Executive Director:

Kwan, Heh-Der

Executive Director:

Wu, Pan-Tsu

Non-executive Directors:

Tsai Patty, Pei Chun

Kuo, Li-Lien

Independent Non-executive Directors:

Chen Huan-Chung

Hu Sheng-Yih

Chang Li Hsien, Leslie

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place

of Business:

Suites 3106-9, 31st Floor

Tower 6, The Gateway

9 Canton Road

Tsim Sha Tsui

Kowloon

Hong Kong

16 October 2012

To Qualifying Shareholders, and for information only, Excluded Shareholders

Dear Sir or Madam,

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

INTRODUCTION

The Board announced on 21 September 2012 that the Company proposes to raise approximately HK\$522,918,088 to HK\$526,696,272 before deduction of expenses by way of the Rights Issue, pursuant to which not less than 1,065,006,290 Rights Shares and not more than 1,072,701,165 Rights Shares will be issued at the Subscription Price of HK\$0.4910 per Rights Share. The Company will provisionally allot one nil-paid Rights Share for every four existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date. Qualifying Shareholders are entitled to apply for additional Rights Shares in excess of their respective entitlements under the Rights Issue. The Rights Issue will not be available to the Excluded Shareholders.

LETTER FROM THE BOARD

The Rights Issue is subject to, among other things, the Underwriting Agreement becoming unconditional and not being terminated on the occurrence of certain events including force majeure.

The purpose of this Prospectus is to provide you with further information regarding the Rights Issue, including information on dealings in, transfer of and application for the Rights Shares, and financial information and other information of the Group.

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 Record Date	:	4,266,355,163 Shares
Number of Rights Shares	:	1,066,588,790 Rights Shares
Aggregate nominal value of the Rights Shares	:	HK\$10,665,887.9
Subscription Price	:	HK\$0.4910 per Rights Share
Enlarged issued share capital of the Company upon completion of the Rights Issue	:	5,332,943,953 Shares
Funds raised before expenses	:	HK\$523,695,095
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.

As at the Latest Practicable Date, there were outstanding Share Options entitling the holders to subscribe for 78,288,000 Shares of which 24,449,500 Share Options have vested and are exercisable.

The Rights Issue may cause adjustments to the exercise 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 Latest Practicable Date.

LETTER FROM THE BOARD

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 5.0% to the average closing price of approximately HK\$0.5168 per Share for the thirty consecutive trading days ended on the Last Trading Day;
- (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; and
- (v) a premium of approximately 1.2% to the closing price of HK\$0.4850 per Share as quoted on the Stock Exchange on the Latest Practicable 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 Latest Practicable Date to immediately after completion of the Rights Issue, the gross proceeds to be raised by the Company from the Rights Issue will amount to approximately HK\$523,695,095 (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. 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.

LETTER FROM THE BOARD

Excluded Shareholders

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

Arrangements have been 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 amounts 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.

As at the Record Date, there is one Overseas Shareholder who held 6,330,000 Shares with a registered address in the PRC. The Directors have, in compliance with Rule 13.36(2)(a) of the Listing Rules, made enquiries regarding the legal restrictions under the laws of the PRC and the requirements of PRC regulatory bodies or stock exchanges with respect to the offer of Rights Shares to such Overseas Shareholder. The Company has been advised by its PRC lawyer that the Rights Issue Documents would not be required to be registered or filed with any PRC regulatory authorities or stock exchanges under the relevant laws and regulations of the PRC and may be despatched to the Overseas Shareholder with registered address in the PRC without any restrictions. Based on such advice, the Directors have decided to extend the Rights Issue to the Overseas Shareholder with a registered address in the PRC and such Overseas Shareholder, together with the Shareholders with registered addresses in Hong Kong, are Qualifying Shareholders for the purpose of the Rights Issue. The Company will send the Rights Issue Documents to such 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.

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 has made the listing application 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.

LETTER FROM THE BOARD

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, by not later than 4:00 p.m. on Wednesday, 31 October 2012. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Pou Sheng Intl – PAL Account**" and crossed "**Account Payee Only**". Any payment for the Rights Shares should be rounded down to 2 decimal points.

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Wednesday, 31 October 2012, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion but without obligation) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions in the PAL. The Company may require such incomplete PAL to be completed by the relevant applicants on or before the latest time of acceptance.

The Company reserves the right to refuse to act on any acceptance of provisional allotments of Rights Shares and to refuse to accept any application for excess Rights Shares where it believes that in doing so would or may violate the applicable securities legislations or other laws or regulations of any jurisdiction.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer all of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Monday, 22 October 2012 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

Completion and lodgement of a PAL together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on the first presentation. All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before 5:00 p.m. on the Settlement Date, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at the risk of such applicants on or around Thursday, 8 November 2012.

LETTER FROM THE BOARD

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders, any Rights Shares provisionally allotted but not accepted, and aggregated fractional entitlements.

Qualifying Shareholders who wish to apply for any Rights Shares in addition to their provisional allotment must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, by not later than 4:00 p.m. on Wednesday, 31 October 2012. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Pou Sheng Intl — EAF Account**" and crossed "**Account Payee Only**". The Registrar will notify the Qualifying Shareholders of any allotment of excess Rights Shares made to them, which allotments will be at the discretion of the Directors on a fair and equitable basis. The Directors will allocate the excess Rights Shares (if any) at their discretion with reference to the level of acceptances 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 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 nominee(s) should note that the nominee is a single Shareholder for the purposes of the Rights Issue. Accordingly, investors whose Shares are registered in the names of nominees should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to the beneficial owners individually.

The latest time for acceptance of the Rights Shares and the application for excess Rights Shares as well as respective payment thereof is expected to be at 4:00 p.m. on Wednesday, 31 October 2012, or such later date or time as may be agreed between the Company and the Underwriter.

If no excess Rights Shares are allotted to an applicant for excess Rights Shares or the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before 5:00 p.m. on the Settlement Date, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to the registered addresses at the risk of such applicants on or around Thursday, 8 November 2012.

LETTER FROM THE BOARD

Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar.

Distribution of the Rights Issue Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Rights Issue Documents come should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. No person receiving the Rights Issue Documents in any territory outside Hong Kong may treat it as an offer or invitation to take up Rights Shares or apply for excess Rights Shares, except in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of any person (including but not limited to agent, custodian, nominee and trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Shareholders should consult their professional advisers if in doubt.

In addition, each subscriber of Rights Shares will be deemed to have given each of the following representations and warranties to the Company and to any person acting on their behalf:

- He/she/it was a Qualifying Shareholder on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the rights, directly or indirectly, from such a person; and
- He/she/it may lawfully be offered, take up, obtain, subscribe for and receive the rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located.

LETTER FROM THE BOARD

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 stockbrokers 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 Shareholder, 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 Shareholder, at their own risk.

Taxation

Qualifying Shareholders should consult their professional advisers to the tax implications of the holding or disposal of, or dealings in the Rights Shares in both their nil-paid and fully-paid forms. It is emphasised that none of the Company, the Directors or any parties involved in the Rights Issue accepts responsibility for any tax effect or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

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.

LETTER FROM THE BOARD

THE UNDERWRITING AGREEMENT

Date	:	21 September 2012
Underwriter	:	Yue Yuen
Total number of Underwritten Rights Shares	:	460,517,885 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, the 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 56.82% of the total issued shares as at the Latest Practicable Date. 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 the Company 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 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.

LETTER FROM THE BOARD

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 not 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.

LETTER FROM THE BOARD

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;

LETTER FROM THE BOARD

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 Prospectus 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 his/her own professional advisers.

PERMISSION OF THE BERMUDA MONETARY AUTHORITY

A general permission under the Exchange Control Act 1972 of Bermuda (as amended) (and regulations made thereunder) has been granted by the Bermuda Monetary Authority to issues of shares in certain circumstances by Bermuda exempted companies, which would include the issue by the Company of the Rights Shares to persons regarded as non-residents of Bermuda for exchange control purposes subject to the requirement that the Shares of the Company are listed on the Stock Exchange. In granting such permission and in accepting the Prospectus for filing, neither the Bermuda Monetary Authority nor the Registrar of Companies in Bermuda accepts any responsibility for the financial soundness of the Group or for the correctness of any statements made or opinions expressed in this Prospectus.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue assuming no shareholding change between the Latest Practicable Date and completion of the Rights Issue.

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		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	
	Number of Approximate Shares	%	Number of Approximate Shares	%	Number of Approximate Shares	%
Substantial Shareholder:						
Major Focus/Underwriter	2,424,283,622	56.82	3,030,354,527	56.82	3,490,872,412	65.46
Director:						
Tsai David, Nai Fung	4,833,000	0.11	6,041,250	0.11	4,833,000	0.09
Tsai Patty, Pei Chun	4,460,000	0.10	5,575,000	0.10	4,460,000	0.08
sub-total	2,433,576,622	57.03	3,041,970,777	57.03	3,500,165,412	65.63
Public	1,832,778,541	42.97	2,290,973,176	42.97	1,832,778,541	34.37
Total	4,266,355,163	100	5,332,943,953	100	5,332,943,953	100

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\$518,795,095 (i.e. 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 as to approximately HK\$232,500,000 for repayment of existing loan facilities of the Group, approximately HK\$155,000,000 for business expansion and the remaining amount for general working capital of the Group.

LETTER FROM THE BOARD

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 Latest Practicable Date.

SHAREHOLDERS' APPROVAL NOT REQUIRED

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 approval of the Shareholders.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Due to the sluggish growth of the external economy and inventory accumulation as a result of expansion of the Group in the past years, the Group's business performance since 30 September 2011 has been and is continuing to be affected. Nevertheless, the management is dealing with the problem at its roots by streamlining the organisational structure to improve the overall operating performance, clearing the inventory, reducing resource procurement, optimising outlets distribution and slowing down the pace of expansion with a view to improve the overall business operations of the Group in 2013. Further, the net proceeds of the Rights Issue are intended to be used for, among others, repayment of existing loan facilities of the Group to improve the debt-equity ratio, reduce interest expenses and improve cashflow in order to enhance the general profitability of the Group.

In addition to the Group's commitment to continuous growth to maintain the Group's position in the market, the Group will focus more on increasing the productivity of existing stores and exploring new channels or models, for example multi-brand store, as its core growth driver. Moreover, after expansion, acquisition and integration for recent years, the Group is currently one of the retailers of *Nike*, *Adidas* and *Converse* in China. To maintain this advantage, the Group will prudently exploit the markets in the lower-tier cities and acquire and merge sub-distributors with weak operating capabilities in those cities to meet with the overall strategy of upgrading consumption in the lower-tier cities in the PRC and the expansion of sales channels of brand companies to lower-tier cities. As for higher-tier cities, while streamlining existing brands and channels, the Group will also intensify integration with outdoor leisure brands, and enhance the trial of high-end differentiated channels and multi-brand channels such as *Adidas Original*, *Adidas Outdoor*, *Nike Extreme* and *Nike Golf*, to accommodate the maturing consumers and affluent middle class, and differentiate and personalise consumption demands in higher-tier cities.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

By Order of the Board
Tsai David, Nai Fung
Chairman

1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 30 September 2009, 2010 and 2011 are set out on pages 51 to 139, 48 to 149 and 49 to 153 of the annual reports of the Group for the years ended 30 September 2009, 2010 and 2011 dated 20 January 2010, 19 January 2011 and 29 December 2011, respectively. They can be accessed on the website of the Company (www.pousheng.com) and the website of the Stock Exchange (www.hkexnews.hk).

The published unaudited condensed consolidated financial statements of the Group with the relevant notes to the accounts for the six months ended 31 March 2012 are set out on pages 2 to 35 of the interim report of the Group for the six months ended 31 March 2012 dated 30 May 2012. They can be accessed on the website of the Company (www.pousheng.com) and the website of the Stock Exchange (www.hkexnews.hk).

The unaudited consolidated income statement and unaudited consolidated statement of comprehensive income of the Group for the nine months ended 30 June 2012 are disclosed in the announcement of the Company dated 31 August 2012. They can be assessed on the website of the Company (www.pousheng.com) and the website of the Stock Exchange (www.hkexnews.hk).

2. WORKING CAPITAL

The directors of the Company are of the opinion that, after taking into account the financial resources available to the Group including the estimated net proceeds from the Rights Issue, the available banking facilities and the Group's internally generated funds, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this Prospectus.

3. INDEBTEDNESS

At the close of business on 31 August 2012, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had the following outstanding indebtedness:

	US\$'million
Borrowings	
Unsecured and unguaranteed borrowings	
– bank borrowings	343.9
– bank overdrafts	22.6
– amount due to a related party	0.4
	<hr/>
	366.9
Secured and unguaranteed bank borrowings (<i>note a</i>)	12.3
Unsecured and guaranteed bank borrowings (<i>note b</i>)	3.2
	<hr/>
	382.4
	<hr/> <hr/>
Consideration payables for acquisition of subsidiaries/ business	
Cash consideration payable to the vendors of certain subsidiaries/business acquired by the Group	47.2
	<hr/> <hr/>
Guaranteed compensation payable	
Guaranteed compensation payable to the vendor of a business acquired by the Group (<i>note c</i>)	20.3
	<hr/> <hr/>

notes:

- (a) The amount is secured by fixed charges on property, plant and equipment and prepaid lease payments of the Group.
- (b) The amount is guaranteed by non-controlling interests of subsidiaries.
- (c) The amount represents the fair value of the estimated shortfall between the market value of the shares of the Company to be issued to the vendor as part of the consideration of the acquisition and the pre-determined value in specified future dates.

In addition, at the close of business on 31 August 2012, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had the following contingent liabilities:

US\$'million

Contingent liabilities

Guarantees given to banks in respect of banking facilities granted to

(i) jointly controlled entities

– amount guaranteed

7.9

– amount utilised

6.6

(ii) a former subsidiary

– amount guaranteed

12.6

– amount utilised

12.6

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 August 2012, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Foreign currency amounts have been translated at the approximate exchange rates prevailing at the close of business on 31 August 2012.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “Unaudited Pro Forma Financial Information”) prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 March 2012.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the financial position of the Group following the Rights Issue.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the published unaudited condensed consolidated statement of financial position of the Group as at 31 March 2012, as extracted from the interim report of the Group for the six months ended 31 March 2012, with adjustments described below:

APPENDIX II

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

	Unaudited consolidated net assets of the Group attributable to the owners of the Company as at 31 March 2012 <i>US\$'000</i> <i>(Note 1)</i>	Adjustments for goodwill, intangible assets and related deferred tax liabilities <i>US\$'000</i> <i>(Note 2)</i>	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2012 <i>US\$'000</i>	Estimated net proceeds from the Rights Issue <i>US\$'000</i> <i>(Note 4)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue as at 31 March 2012 <i>US\$'000</i> <i>(Note 5)</i>
Based on 1,066,588,790 Rights Shares to be issued	<u>878,826</u>	<u>(203,679)</u>	<u>675,147</u>	<u>66,941</u>	<u>742,088</u>
					US\$
Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 31 March 2012 <i>(Note 3)</i>					<u>0.16</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2012 attributable to the owners of the Company per Share immediately after the completion of the Rights Issue (assuming 1,066,588,790 Rights Shares are issued) <i>(Note 6)</i>					<u>0.14</u>

Notes:

1. The unaudited consolidated net assets of the Group attributable to the owners of the Company as at 31 March 2012 is extracted from the published unaudited interim report of the Group for the six months ended 31 March 2012.
2. These represent the Group's goodwill of US\$91,593,000 and intangible assets of US\$147,309,000, net of related deferred tax liabilities arising from intangible assets of US\$35,223,000. The amounts for goodwill and intangible assets are extracted from the published unaudited interim report of the Group for the six months ended 31 March 2012. The amount for the related deferred tax liabilities is extracted from a schedule prepared by the Group for the same period.
3. The calculation of consolidated net tangible assets of the Group attributable to the owners of the Company per share is based on the 4,260,025,163 Shares in issue as at 31 March 2012.
4. The estimated net proceeds from the Rights Issue of US\$66,941,000 are based on 1,066,588,790 Rights Shares to be issued (based on 4,266,355,163 Shares in issue on the Record Date) at the Subscription Price of HK\$0.4910 per Rights Share and after deduction of the estimated related expenses including financial advisory fee and other professional fees, which are directly attributable to the Rights issue of US\$632,000.

5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company represents the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2012 plus the estimated net proceeds from the Rights Issue as set out in Note 4 above.
6. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2012 attributable to the owners of the Company per Share immediately after the completion of the Rights Issue, assuming 1,066,588,790 Rights Shares are issued, is based on 5,326,613,953 Shares which comprise of 4,260,025,163 Shares in issue on 31 March 2012 and 1,066,588,790 Rights Shares to be issued under the Rights Issue as referred to Note 4 above.
7. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2012.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountant of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this Prospectus, in respect of the unaudited pro forma financial information of the Group.

Deloitte.
德勤

TO THE DIRECTORS OF POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

We report on the unaudited pro forma financial information of Pou Sheng International (Holdings) Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Rights Issue on the basis of one rights share for every four existing shares held on the record date might have affected the financial information presented, for inclusion in Appendix II of the prospectus dated 16 October 2012 (the “Prospectus”). The basis of preparation of the unaudited pro forma financial information is set out on pages 25 to 27 to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 March 2012 or any future date.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

16 October 2012

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue assuming no change in shareholding between the Latest Practicable Date and the completion of the Rights Issue is as follows:–

Authorised:	Nominal value <i>HK\$</i>
30,000,000,000 Ordinary shares of HK\$0.01 each	300,000,000.00
 <i>Share issued and to be issued:</i>	
4,266,355,163 Shares in issue as at the Latest Practicable Date	42,663,551.63
1,066,588,790 Rights Shares to be issued and allotted as fully paid pursuant to the Rights Issue	10,665,887.90
5,332,943,953 Total Shares in issue immediately following the completion of the Rights Issue	53,329,439.53

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be issued and allotted will, when issued and full paid, rank pari passu in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

3. DISCLOSURE OF INTERESTS

(I) Directors' Interests

(a) Interests and/or short positions of the Directors and chief executives

As at the Latest Practicable Date, the interests and/or short positions of our Directors and chief executives of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange are as follows:

Long position in the Shares and underlying Shares of our Company

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Tsai David, Nai Fung	Beneficial Interest	6,041,250 Shares <i>(note 1)</i>	0.11%
Tsai Patty, Pei Chun	Beneficial Interest	5,575,000 Shares <i>(note 2)</i>	0.10%

Notes:

- These shares comprise (i) 4,833,000 existing shares and (ii) 1,208,250 Rights Shares being the provisional allotment under the Rights Issue.
- These shares comprise (i) 4,460,000 existing shares and (ii) 1,115,000 Rights Shares being the provisional allotment under the Rights Issue.

(b) As at the Latest Practicable Date:

- none of the Directors had any direct or indirect interest in any assets which have been, since 30 September 2011 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

(II) Shareholder's Interests**(i) Interests and/or short positions of the Substantial Shareholders**

As at the Latest Practicable Date, so far as the Directors or chief executives of the Company are aware, the following persons (not being a Director or a chief executive of our Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of Shareholder	Notes	Capacity/ Nature of interest	Number of ordinary shares held	Approximate percentage of interest in the issued share capital of the Company
Major Focus	(a)	Beneficial interest	3,030,354,527	56.82%
Yue Yuen	(a), (b)	Interest of a controlled corporation/ Beneficial interest	3,490,872,412	65.46%
Wealthplus Holdings Limited ("Wealthplus")	(b)	Interest of a controlled corporation	3,490,872,412	65.46%
PCC	(b)	Interest of a controlled corporation	3,490,872,412	65.46%

Notes:

All the Shares are long positions.

- (a) 3,030,354,527 Shares are held by Major Focus, a wholly-owned subsidiary of Yue Yuen. These Shares comprise (i) 2,424,283,622 existing Shares and (ii) 606,070,905 Rights Shares undertaken by Major Focus to subscribe for under the Rights Issue.
- (b) These shares comprise (i) 460,517,885 Underwritten Rights Shares, being the number of Rights Shares underwritten by Yue Yuen and (ii) 3,030,354,527 Shares held by Major Focus. PCC is deemed to be interested in these shares under the SFO by virtue of its interests in more than one third of the voting shares in Wealthplus, which in turn is deemed to be interested in these shares under the SFO by virtue of its interests in more than one third of the voting shares in Yue Yuen. Wealthplus is wholly owned by PCC and is interested in more than one third of the issued share capital of Yue Yuen. Mr. Tsai David, Nai Fung, Ms. Tsai Patty, Pei Chun and Ms. Kuo, Li-Lien who are Directors of the Company are also directors of Yue Yuen. Mr. Tsai David, Nai Fung and Ms. Tsai Patty, Pei Chun, who are Directors of the Company, are also directors of Wealthplus. Mr. Tsai David, Nai Fung who is a Director of the Company is also a director of PCC.
- (c) For the purpose of this section, the shareholding percentage in the Company was calculated on the basis of 5,332,943,953 Shares, being the issued share capital of the Company as enlarged by the issue and allotment of the Rights Shares.

(ii) *Substantial Shareholders of other members of the Group*

Name of entities or person holding 10% or more interest in a member of the Group	Nature of interest	Interest in relevant company	Name of the subsidiary
Lu Shan (盧山)	Beneficial	16%	Yunnan Shengdao Sports Goods Company Limited (雲南勝道體育用品有限公司)
Lu Li (盧力)	Beneficial	16%	Yunnan Shengdao Sports Goods Company Limited (雲南勝道體育用品有限公司)
Glorious Win Developments Limited	Beneficial	10%	Fujian Baomin Sports Goods Company Limited (福建寶閩體育用品有限公司)
Jianxi Hungfa Sports Goods Development Company Limited (江西洪發體育用品發展有限公司)	Beneficial	10%	(江西寶元商貿有限公司)
山東力威經貿有限公司	Beneficial	28%	Qingdao Baoruina Sports Goods Company Limited (青島寶瑞納體育用品有限公司)
Excel Effect Investments Limited	Beneficial	49%	Profit Concept Group Limited

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware of any other persons (not being a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

Due to the sluggish growth of the external economy, adjustments in the sportswear retailing market in the PRC and inventory accumulation as a result of expansion of the Group in the past years, the Group has recorded losses for the nine months between 1 October 2011 and 30 June 2012. The Group has recorded profits for the year ended 30 September 2011. Save as disclosed above, the Directors are of the opinion that there has not been any material adverse change in the financial or trading position of the Group since 30 September 2011, being the date to which the latest published audited accounts of the Group were made up.

6. LITIGATION

As at the Latest Practicable Date, save as disclosed below, neither the Company nor any of its subsidiaries have been engaged in any pending or threatened litigation or claims which are or may be of material importance to the Group:

- (a) 雲南勝道體育用品有限公司 (Yunnan Shengdao Sports Goods Company Limited) (“Yunnan Shengdao”), a subsidiary of the Company, is claiming in the Yunnan Kunming Intermediate People’s Court of PRC a total amount of RMB84.7 million from 雲南高泰商貿有限公司 (Yunnan Gaotai Trading Company Limited) and 朱元平 (Chu Yuan Ping) (together, the “Other Parties”) in respect of disputes arising out of a real estate transfer contract relating to 五華大廈 (Wu Hua Building) sold to the Other Parties. The subject claim represents outstanding balance of RMB41 million owed by the Other Parties to Yunnan Shengdao and RMB43.7 million break fee.
- (b) 上海寶原體育用品商貿有限公司 (Shanghai Baoyuan Sports Goods Trading Company Limited) (“Shanghai Baoyuan”) and three other subsidiaries of the Company are claiming in the Shanghai Pudong District People’s Court of PRC against 上海卡帕體育用品有限公司 (Shanghai Kappa Sports Goods Company Limited) in respect of disputes arising out of sales contracts involving an amount of RMB40 million. Up to the Latest Practicable Date, the parties to the subject matter are negotiating to reach a settlement.
- (c) 溫州寶豐商貿有限公司 (Wenzhou Baofeng Trading Company Limited) owed Shanghai Baoyuan, a subsidiary of the Company, payment for goods under sales product contracts. Shanghai Baoyuan is currently assessing the total amount of the outstanding payment which, based on current estimates, is approximately RMB25 million. Legal action may be taken if such dispute cannot be resolved through negotiations.

- (d) 常勝投資有限公司 (Pou Sheng (China) Investments Co. Ltd.) (“PS China”), a subsidiary of the Company, is negotiating with 上海鵬達體育用品有限公司 (“Shanghai Pengda”) in relation to disputes relating to calculation of purchase consideration and delivery of assets arising under an acquisition framework agreement dated 13 January 2012 under which PS China agreed to acquire certain assets and business from Shanghai Pengda and its related parties. Up to the Latest Practicable Date, the parties to the subject matter are in negotiation with each other and if such dispute cannot be resolved through negotiations, it may result in arbitration or litigation proceeding.

7. SHARE OPTION SCHEME

Share Option Scheme

The Company adopted the Share Option Scheme on 14 May 2008 and amended the same on 7 March 2012. As at the Latest Practicable Date, there were outstanding Share Options entitling the holders to subscribe for 78,288,000 Shares of which 24,449,500 Share Options have vested and are exercisable. The consideration for the grant of Share Options is HK\$1.00. Details of the Share Options granted are as follows:–

Number of outstanding Share Options	Exercise Price	Exercisable Period
6,231,000	HK\$1.62	21 January 2011 – 20 January 2018
6,231,000	HK\$1.62	21 January 2012 – 20 January 2018
10,554,000	HK\$1.62	21 January 2013 – 20 January 2018
14,072,000	HK\$1.62	21 January 2014 – 20 January 2018
11,987,500	HK\$1.23	20 January 2012 – 19 January 2019
8,737,500	HK\$1.23	20 January 2013 – 19 January 2019
8,737,500	HK\$1.23	20 January 2014 – 19 January 2019
8,737,500	HK\$1.23	20 January 2015 – 19 January 2019
750,000	HK\$1.05	7 March 2013 – 6 March 2020
750,000	HK\$1.05	7 March 2014 – 6 March 2020
750,000	HK\$1.05	7 March 2015 – 6 March 2020
750,000	HK\$1.05	7 March 2016 – 6 March 2020

8. BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS

Biographical details of the Directors and senior managers together with their functions and relevant management expertise are set out below.

Executive Directors

Mr. KWAN, Heh Der, aged 57, is an executive Director and the chief executive officer of the Company. He graduated from the National Taiwan University, Taiwan with a Bachelor of Arts degree. He later obtained a Master of Science degree from the University of Iowa, United States of America after he completed military duties in 1979. Mr. Kwan had worked in different technical and managerial positions of various entities of the AT&T group and was the director of strategy & business development of AT&T China, Beijing; later served as the president of Lucent Technologies Qingdao; and then the chief operating officer of Lucent Technologies China, Beijing. Mr. Kwan also served as the chief operating officer of CEC Industries Ltd., a private industrial lighting company in Illinois, United States of America. Prior to joining the Company as a senior consultant on 16 July 2012 and then the Chief Executive Officer on 31 August 2012, Mr. Kwan was the president and a board director of Tecom Co. Ltd. (東訊股份有限公司), a company listed on the Taiwan Stock Exchange. Mr. Kwan does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. WU, Pan-Tsu, aged 60, was appointed as an executive Director and the acting chief executive officer of the Company with effect from 9 April 2012 and ceased to be the acting chief executive officer with effect from 31 August 2012. Mr. Wu is a director of various subsidiaries and a joint venture company of the Company. He graduated from Tamkang University, Taiwan with a Bachelor's degree in Banking and Insurance and started his career at Bank of America Taipei Branch after he retired from military service in 1978. He later worked in ABN-AMRO Bank, Chase Manhattan Bank and BNP PARIBAS in various managerial positions. In 2000, Mr. Wu was invited to join Taishin Financial Holding Co. Ltd. in a position specializing in corporate banking. After serving in the financial services industry for about 25 years, Mr. Wu was invited by PCC to be its Vice President in charge of the PCC Group's finance and investment strategies and daily operations in 2003. He is a director of Kleine Developments Ltd. and a director of First Sino Bank in Shanghai, China. Mr. Wu was a supervisor of Elitegroup Computer Systems Co., Ltd., a company listed on the Taiwan Stock Exchange. Mr. Wu does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Non-executive Directors

Mr. TSAI David, Nai Fung, aged 62, is the Company's chairman and non-executive Director. He is also the chairman of the nomination committee of the Board since 29 December 2011. Prior to joining the Company in April 2008 and group of Yue Yuen in February 1997, Mr. Tsai was the chairman of Pou Yuen Industrial Holdings Limited. Mr. Tsai has been participating in the footwear sector over 30 years. Mr. Tsai is the managing director of Yue Yuen. He is also a director of PCC and serves as a director of Elitegroup Computer Systems Co., Ltd. (the shares of these two companies are listed on the Taiwan Stock Exchange.) Mr. Tsai is a cousin of Ms. Tsai Patty, Pei Chun, the non-executive Director. As at the Latest Practicable Date, he is a director of Yue Yuen which has an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Ms. TSAI Patty, Pei Chun, aged 32, is a non-executive Director since April 2008. Ms. Tsai joined Yue Yuen group in December 2003 as an executive director and is responsible for the strategic investments and financial planning of Yue Yuen group. Ms. Tsai graduated from the Wharton School of the University of Pennsylvania in May 2002 with a Bachelor of Science in Economics degree with a concentration in Finance and a College Minor in Psychology. She serves as a board director of Yue Yuen. She was previously a director of Mega Financial Holding Company Limited (shares of which are listed on the Taiwan Stock Exchange). Ms. Tsai is a cousin of Mr. Tsai David, Nai Fung, the chairman of the Company. As at the Latest Practicable Date, she is a director of Yue Yuen which has an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Ms. KUO, Li-Lien, aged 55, was appointed as a non-executive Director in March 2009. Ms. Kuo holds a bachelor degree from the School of Law of Soochow University. Ms. Kuo was a senior counselor of Lee and Li, attorneys-at-law, in Taiwan (1997-2008) before she joined PCC in January 2009. Ms. Kuo is the Chief Legal Counsel of PCC and an executive director of Yue Yuen and a director of various subsidiaries of the Company. Ms. Kuo does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, she is not a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Independent Non-executive Directors

Mr. CHEN Huan-Chung, aged 57, was appointed as an independent non-executive Director in April 2008. Mr. Chen was also appointed as the chairman of audit committee of the Board in September 2011. Mr. Chen is a partner of Wong Tong & Co., CPAS (萬通聯合會計師事務所), a certified public accountant of Taiwan and a certified securities investment analyst of Taiwan. He is also a Supervisor of PCC. Mr. Chen worked as a deputy manager in E. Sun Bills Finance Corporation of Taiwan (台灣玉山票券金融(股)公司). He became a certified public accountant of Taiwan in 1992 and a certified securities investment analyst of Taiwan in February 1990. He received a Bachelor degree from the Department of Industrial Management of National Taiwan University of Science and Technology (formerly known as National Taiwan Institute of Technology) in June 1983. Mr. Chen does not have any relationship with any other Director or

senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. HU Sheng-Yih, aged 70, was appointed as an independent non-executive Director in April 2008. He was also the chairman of the remuneration committee of the Board since March, 2010. Mr. Hu is an associate part-time professor at the College of Management, Shih Chien University. He worked as the first deputy general manager of Mega International Commercial Bank and an officer-in-charge of the International Commercial Bank of China (New York Branch) (中國國際商業銀行紐約分行). He received a Master degree in Economics from the Yale University in 1981, a Master and Doctoral degree in Laws from the Chinese Culture University in 1971 and 1977 respectively, and a Bachelor degree in Economics from the National Taiwan University in 1967. Mr. Hu also serves as independent director of Taiwan Shin Kong Commercial Bank (台灣新光商業銀行) and Shin Kong Life Insurance Co., LTD. (新光人壽保險股份有限公司) (Shin Kong Financial Holding Co., Ltd. 新光金融控股股份有限公司, the parent company of Taiwan Shin Kong Commercial Bank (台灣新光商業銀行) and Shin Kong Life Insurance Co., LTD. (新光人壽保險股份有限公司), shares of which are listed on The Taiwan Stock Exchange). Mr. Hu does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. CHANG Li Hsien, Leslie, aged 58, was appointed independent non-executive Director in March 2011. He is a certified public accountant in the State of New York, a member of The American Institute of Certified Public Accountants and The Hong Kong Institute of Certified Public Accountants. Mr. Chang started his career at US Office of KPMG (formerly known as KPMG Peat Marwick) (the “Firm”) and became a partner specializing in the financial services industry. He was also the Firm’s director of Chinese Practice in the United States. He then joined CITIC Pacific Ltd in 1994 and was executive director and the deputy managing director of the group of CITIC Pacific Ltd. He also served as an alternate director on the board of Cathay Pacific Airways Limited. Mr. Chang is currently the executive director and chief executive officer of HKC (Holdings) Limited and the executive director and the Vice Chairman of China Renewable Energy Investment Limited (formerly Hong Kong Energy (Holdings) Limited). CITIC Pacific Ltd, Cathay Pacific Airways Limited, HKC (Holdings) Limited and China Renewable Energy Investment Limited are listed on the main board of the Stock Exchange. Mr. Chang does not have any relationship with any other Director or senior manager of the Company. As at the Latest Practicable Date, he is not a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Senior managers

Mr. LIAO Ching-yi, aged 51, served as the vice financial director of the Company since August, 2009. Mr. Liao holds a Bachelor degree in Finance from the Central Missouri State University. Mr. Liao joined PCC in February, 1995, and has served in branches in Vietnam, Huangjiang Guangdong, Kunshan Jiangsu and Yangzhou Jiangsu, in charge of finance operations. Mr. Liao does not have any relationship with any other Director or senior manager of the Company.

Mr. WANG Lenian, aged 49, was appointed as the human resources executive director of the Company in March, 2010. Mr. Wang holds a Bachelor degree in Economics from Zhongnan University of Economics and Law. Mr. Wang joined 龍光體育用品有限公司, a subsidiary of Yue Yuen, in March, 2006, responsible for investment management. From 2002 to 2005, he served as the assistant to general manager in Hainan Boao Investment Holdings Limited (海南博鰲投資控股有限公司). Prior to that, he was the head of the integrated program business management department of China Association for Science and Technology. Mr. Wang does not have any relationship with any other Director or senior manager of the Company.

Ms. CHONG Yim Kuen, aged 47, is the Group's financial controller responsible for the Group's accounting activities. She is the director of certain Hong Kong subsidiaries of the Group. Before joining the Group in 2008, Ms. Chong had 14 years of accounting experience in Yue Yuen group. She received her Master degree in Administration (Accounting) from Jinan University and later obtained a Master degree in Chinese Medicine from Hong Kong Baptist University. Ms. Chong is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Chartered Association of Certified Accountants in the United Kingdom. Ms. Chong does not have any relationship with any other Director or senior manager of the Company.

Positions and addresses of the Directors and senior managers

Name	Position	Address
Tsai David, Nai Fung	Chairman and Non-Executive Director	No. 37, YongKan Street, Neighbor 1, Yongan Village, Situncyu Township, Taichung City, Taiwan
Kwan, Heh-Der	Chief Executive Officer and Executive Director	#1801, No. 5, Alley 2, Wei-fang West Road, Shanghai, China
Wu, Pan-Tsu	Executive Director	5F, No. 20, Ln.805, Bei'an Rd., Zhongshan Dist., Taipei City 104, Taiwan
Tsai Patty, Pei Chun	Non-Executive Director	Flat F, 20/F., Starcrest Tower 2, No. 9 Star Street, Wan Chai, Hong Kong
Kuo, Li-Lien	Non-Executive Director	No. 92, Songqiu St., Xinyi Dist., Taipei City 11047, Taiwan
Chen Huan-Chung	Independent Non-Executive Director	4F., No. 20, Lane 263, Fuhe Road, Yonghe District, New Taipei City 234, Taiwan
Hu Sheng-Yih	Independent Non-Executive Director	2/F., No. 18, 6 Alley 123 Lane, 5 Sec., Nan-King East Road, Taipei, Taiwan
Chang Li Hsien, Leslie	Independent Non-Executive Director	Flat A, 8/F., Tower 2, Tregunter, 14 Tregunter Path, Hong Kong
Liao Ching-yi	Vice Financial Director	5F, No 49, Alley 7, Lane 100, Section 1, Tung Hwa S. Road, Taipei City, Taiwan
Wang Lenian	Human Resources Executive Director	Room 2601, Building 8, Lin Ping Road 133, Hong Kou District, Shanghai, China
Chong Yim Kuen	Financial Controller	Flat 1113, 11/F., Block H, Telford Gardens, 33 Wai Yip Street, Kowloon, Hong Kong

9. CORPORATE INFORMATION

Registered office	Clarendon House, 2 Church Street Hamilton HM 11, Bermuda
Head office and principal place of business	Suites 3106-9, 31st Floor, Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Company secretary	Ng Lok Ming
Authorised representatives	Tsai Patty, Pei Chun Flat F, 20/F., Starcrest Tower 2, No. 9 Star Street, Wan Chai, Hong Kong Ng Lok Ming Flat F, 3/F., Iris Court, Pictorial Garden Phase 3, Shatin, N.T., Hong Kong
Legal Advisers to the Company	<i>As to Hong Kong law</i> Reed Smith Richards Butler 20th Floor, Alexandra House 18 Chater Road Central, Hong Kong
Auditor	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F., One Pacific Place 88 Queensway Hong Kong
Principal share registrar and transfer office	Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke, HM08 Bermuda
Branch share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Principal bankers

Australia and New Zealand Bank (China)
Company Limited
12/F, Mirae Asset Tower
166 Lujiazui Ring Road
Pudong, Shanghai, China

Citibank (China) Co. Ltd.
34/F, Citigroup Tower
No.33 Hua Yuan Shi Qiao Road
Lu Jia Zui Finance and Trade Area
Shanghai, China

CITIC Bank International Limited
80/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Hang Seng Bank (China) Limited
35/F, Hang Seng Bank Tower
1000 Lujiazui Ring Road
Pudong, Shanghai, China

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

10. PARTIES INVOLVED IN THE RIGHTS ISSUE

Underwriter	Yue Yuen Industrial (Holdings) Limited Suites 3307-9. 33/F., Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Financial Advisor to the Company	Citigroup Global Markets Asia Limited 50/F., Citibank Tower Citibank Plaza 3 Garden Road Central, Hong Kong
Legal Advisers to the Company	<i>As to Hong Kong law</i> Reed Smith Richards Butler 20th Floor, Alexandra House 18 Chater Road Central, Hong Kong <i>As to Bermuda law</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central, Hong Kong
Reporting accountants	Deloitte Touche Tohamtsu 35/F., One Pacific Place 88 Queensway Hong Kong
Branch share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

11. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this Prospectus which are or may be material:

- (a) the acquisition framework agreement dated 13 January 2012 entered into among PS China, an indirect wholly-owned subsidiary of the Company, the selling company and the owners, controllers and operators of the selling company in respect of the Pengda Transaction for a consideration of RMB400,800,000 (equivalent to approximately HK\$493,500,000), further details of which are set out in the announcements of the Company dated 30 September 2011, 21 December 2011 and 13 January 2012; and
- (b) the Underwriting Agreement.

12. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinions or advice which are contained in this Prospectus:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of its letter as set out in this Prospectus and references to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either direct or indirect, in any assets which had been since 30 September 2011 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

13. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company is situated at Suites 3106-09, 31st Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Mr. Ng Lok Ming. Mr. Ng was admitted as a solicitor of the High Court of Hong Kong in 2001.

- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this Prospectus shall prevail over the Chinese text in case of any inconsistency.

14. EXPENSES

The expenses in connection with the Rights Issue are estimated to amount to approximately HK\$4,900,000 and will be payable by the Company.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company at Suites 3106-09, 31st Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong for a period of 14 days from the date of this Prospectus:

- (a) the memorandum of association and bye-laws of the Company;
- (b) this Prospectus;
- (c) the letter of consent referred to in the paragraph headed "Expert and consent" above;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" above;
- (e) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in Appendix II to this Prospectus; and
- (f) the annual reports of the Company for each of the two financial years ended 30 September 2010 and 30 September 2011.