



To the Pou Sheng Shareholders

Dear Sir or Madam,

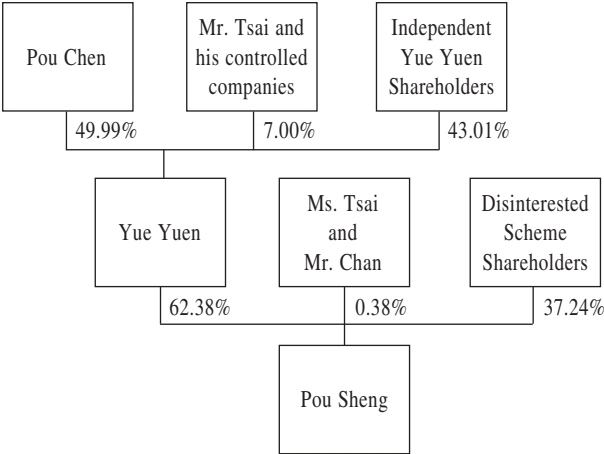
**(1) PROPOSED PRIVATIZATION OF POU SHENG INTERNATIONAL (HOLDINGS) LIMITED
BY POU CHEN CORPORATION BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA)
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF POU SHENG INTERNATIONAL
(HOLDINGS) LIMITED**

1. INTRODUCTION

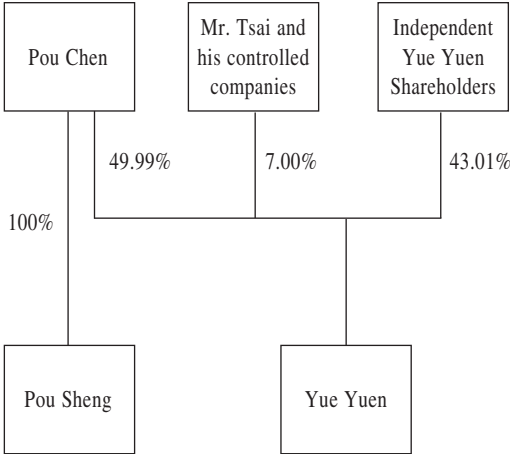
On January 21, 2018, the respective boards of directors of Pou Chen, Yue Yuen and Pou Sheng jointly announced that on the same date, Pou Chen requested the Pou Sheng Board to put forward the Proposal to the Scheme Shareholders for the privatization of Pou Sheng by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act. If the Proposal is approved and implemented, (i) Pou Sheng will become a direct or indirect wholly-owned subsidiary of Pou Chen; and (ii) the listing of the Pou Sheng Shares on the Stock Exchange will be withdrawn.

The diagrams below illustrate the simplified shareholding structure of Pou Sheng and Yue Yuen as at the Latest Practicable Date and immediately upon completion of the Scheme, assuming there are no changes in the shareholding of Yue Yuen between the Latest Practicable Date and the Scheme Record Date:

As at the Latest Practicable Date:



Upon completion of the Scheme:



Note: The shareholding percentages in the above diagrams and this note have been rounded to two decimal places for ease of illustration only. Also, certain wholly-owned intermediate holding companies are not shown in the above diagrams: (i) as at the Latest Practicable Date, Pou Chen’s 49.99% shareholding in Yue Yuen was held through Wealthplus as to 46.90% and Win Fortune as to 3.09%; (ii) as at the Latest Practicable Date, Yue Yuen’s 62.38% shareholding in Pou Sheng was held through Major Focus; and (iii) upon completion of the Scheme, some or all of Pou Chen’s 100% shareholding in Pou Sheng may be held through one or more wholly-owned subsidiary(ies) of Pou Chen.

Pou Chen has appointed Citigroup as its exclusive financial adviser in connection with the Proposal and the Option Offer.

The Pou Sheng Board has established the Independent Board Committee, comprising all non-executive directors and independent non-executive directors of Pou Sheng who are not interested in the Proposal, namely, Mr. Li I-nan, Mr. Chen, Huan-Chung, Mr. Hsieh, Wuei-Jung and Mr. Shan Xue, to make a recommendation to the Scheme Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting and to the Pou Sheng Optionholders as to its views on acceptance of the Option Offer. The Independent Board Committee, after taking into account the Independent Financial Adviser’s recommendation, recommends that (a) the Scheme Shareholders vote IN FAVOR OF the resolution to approve the Scheme at the Court Meeting; (b) the Pou Sheng Shareholders vote IN FAVOR OF the special resolution to approve the implementation of the Scheme at the SGM; and (c) the Pou Sheng Optionholders ACCEPT the Option Offer.

Pou Sheng has appointed Anglo Chinese as its Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Option Offer. Anglo Chinese has advised the Independent Board Committee to recommend (a) the Scheme Shareholders to vote IN FAVOR OF the resolution to approve the Scheme at the Court Meeting; (b) the Pou Sheng Shareholders to vote IN FAVOR OF the special resolution to approve the implementation of the Scheme at the SGM; and (c) the Pou Sheng Optionholders to ACCEPT the Option Offer. Your attention is drawn to the advice and recommendation of Anglo Chinese in Part VI of this Scheme Document.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme and the Option Offer and to give you notices of the Court Meeting and the SGM.

2. THE PROPOSAL

Under the Proposal, it is proposed that on the Effective Date:

- (a) Pou Sheng will issue one Pou Sheng Share at par to Pou Chen or its designated wholly-owned subsidiary, and the issued share capital of Pou Sheng will thereafter be reduced by cancelling and extinguishing all the Scheme Shares. Subject to and forthwith upon such reduction of capital taking effect, the issued share capital of Pou Sheng will be restored to its former amount by the issuance at par to Pou Chen and/or its designated wholly-owned subsidiary(ies), credited as fully paid, of the same number of Pou Sheng Shares as the number of Scheme Shares cancelled. The reserve created in the books of account of Pou Sheng as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Pou Sheng Shares so issued to Pou Chen and/or its designated wholly-owned subsidiary(ies);
- (b) the Scheme Shareholders will be entitled to receive the Cancellation Price of HK\$2.03 for each Scheme Share cancelled;
- (c) Pou Sheng will become a direct or indirect wholly-owned subsidiary of Pou Chen; and
- (d) Pou Sheng will apply to the Stock Exchange for the withdrawal of listing of the Pou Sheng Shares on the Stock Exchange pursuant to Rule 6.15 of the Listing Rules so that such withdrawal is to take place immediately following the Effective Date.

The Proposal is, and the Scheme will become effective and binding on Pou Sheng and all Pou Sheng Shareholders, subject to the fulfilment or waiver (as applicable) of all the Conditions on or before May 30, 2018 (or such later date as Pou Chen and Pou Sheng may agree or, to the extent applicable, as the Bermuda Court may direct), failing which the Proposal and the Scheme will lapse.

For details of the Conditions, your attention is drawn to the section headed “3. Conditions to the Proposal and the Scheme” in the explanatory statement in Part VII of this Scheme Document.

Assuming that all Pou Sheng Optionholders exercise their outstanding Pou Sheng Options to become Scheme Shareholders before the Scheme Record Date, the amount of cash required for the Scheme is approximately HK\$10,908,308,135.

Assuming that none of the outstanding Pou Sheng Options is exercised or lapses before the Scheme Record Date, the amount of cash required for the Scheme is approximately HK\$10,841,567,439, and the amount of cash required for the Option Offer is approximately HK\$17,038,817.

The total maximum cash consideration payable under the Proposal (including the Scheme and the Option Offer) on the basis described above is approximately HK\$10,908,308,135.

Pou Chen intends to finance the cash required for the Proposal and the Option Offer from a combination of its internal cash resources and external debt financing.

Citigroup, the exclusive financial adviser to Pou Chen, is satisfied that sufficient financial resources are available to Pou Chen for the full implementation of the Proposal and the Option Offer in accordance with their terms.

By reason of being the exclusive financial adviser to Pou Chen in connection with the Proposal, Citigroup is presumed to be acting in concert with Pou Chen in relation to Pou Sheng. As at the Latest Practicable Date, and so far as Pou Chen is aware taking into account Note 1 to Rule 3.5 of the Takeovers Code, Citigroup and persons controlling, controlled by or under the same control with it (except those which are exempt principal traders recognized by the Executive as such for the purpose of the Takeovers Code) which are presumed to be acting in concert with Pou Chen in relation to Pou Sheng hold no interest or position in the Pou Sheng Shares or any convertible securities, warrants, options or derivatives in respect of the Pou Sheng Shares.

As stated in the Joint Announcement, the Cancellation Price of HK\$2.03 per Scheme Share will not be increased, and Pou Chen does not reserve the right to do so. As such, Pou Sheng Shareholders, Pou Sheng Optionholders and potential investors of Pou Sheng should be aware that Pou Chen will not be allowed to increase the Cancellation Price and the Option Cancellation Price.

3. THE OPTION OFFER

Your attention is drawn to the section headed “7. The Option Offer” in the explanatory statement in Part VII of this Scheme Document and the form of the Option Offer Letter in Appendix VI to this Scheme Document.

4. REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “4. Reasons for and benefits of the Proposal” in the explanatory statement in Part VII of this Scheme Document.

5. INFORMATION ON POU CHEN AND POU SHENG

For information on Pou Chen, your attention is drawn to the section headed “8. Information on Pou Chen” in the explanatory statement in Part VII of this Scheme Document.

For information on Pou Sheng, your attention is drawn to (i) the section headed “9. Information on Pou Sheng” in the explanatory statement in Part VII of this Scheme Document; (ii) the financial information of the Pou Sheng Group in Appendix I to this Scheme Document; and (iii) the general information in Appendix II to this Scheme Document.

6. POU CHEN’S INTENTION REGARDING THE POU SHENG GROUP

Your attention is drawn to the section headed “5. Pou Chen’s intention regarding the Pou Sheng Group” in the explanatory statement in Part VII of this Scheme Document.

7. WITHDRAWAL OF LISTING OF POU SHENG SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

Pou Sheng does not intend to retain its listing on the Stock Exchange. Pou Sheng will apply to the Stock Exchange for the withdrawal of the listing of the Pou Sheng Shares on the Stock Exchange so that such withdrawal is to take place immediately following the Effective Date.

Your attention is drawn to the section headed “10. Share Certificates, Dealings and Listing” in the explanatory statement in Part VII of this Scheme Document.

8. RECOMMENDATIONS

The Independent Board Committee, comprising all non-executive directors and independent non-executive directors of Pou Sheng who are not interested in the Proposal, namely, Mr. Li I-nan, Mr. Chen, Huan-Chung, Mr. Hsieh, Wuei-Jung and Mr. Shan Xue, has been established by the Pou Sheng Board to make a recommendation to the Scheme Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting and to the Pou Sheng Optionholders as to its views on acceptance of the Option Offer.

Ms. Tsai, a non-executive director of Pou Sheng, is a Pou Chen Concert Party, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Scheme Shareholders. Accordingly, Ms. Tsai has been precluded from joining the Independent Board Committee.

The Independent Board Committee, having considered (a) the reasons for, and benefits of, the Proposal and the Option Offer and their effects as set out in this Scheme Document; and (b) the terms of the Proposal and the Option Offer and having taken into account the advice of Anglo Chinese and in particular, the factors, reasons and recommendations set out in the letter from Anglo Chinese in Part VI of this Scheme Document, considers that the terms of the Proposal and the Option Offer are fair and reasonable so far as the Disinterested Scheme Shareholders and the Pou Sheng Optionholders are concerned.

Accordingly, the Independent Board Committee recommends that (a) the Scheme Shareholders vote in favor of the resolution to approve the Scheme at the Court Meeting; (b) the Pou Sheng Shareholders vote in favor of the special resolution to approve the implementation of the Scheme at the SGM; and (c) the Pou Sheng Optionholders accept the Option Offer.

Your attention is drawn to (i) the recommendation of the Independent Board Committee in Part V of this Scheme Document; and (ii) the letter from Anglo Chinese in Part VI of this Scheme Document which sets out the factors and reasons taken into account by Anglo Chinese in arriving at its advice to the Independent Board Committee.

9. COURT MEETING AND SGM

Notices convening the Court Meeting and the SGM to be held at Centenary Room III, G/F, Marco Polo Hongkong Hotel, 3 Canton Road, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, April 9, 2018 at 9:30 a.m. and 10:00 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) respectively are set out in Appendix IV and Appendix V to this Scheme Document.

The Bermuda Court has directed the Court Meeting to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) the Scheme. The Scheme is subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in Conditions (a) and (b) in the section headed “3. Conditions to the Proposal and the Scheme” in the explanatory statement in Part VII of this Scheme Document.

Following the conclusion or adjournment of the Court Meeting, the SGM will be held for the purpose of considering and, if thought fit, passing a special resolution for the implementation of the Scheme in the manner referred to in Condition (c) in the section headed “3. Conditions to the Proposal and the Scheme” in the explanatory statement in Part VII of this Scheme Document.

An announcement will be made by Pou Sheng in relation to the results of the Court Meeting and the SGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code and will include, among others, (a) the number of votes cast in favor of the Scheme at the Court Meeting and the number of CCASS Participants on whose instructions they are cast; and (b) the number of votes cast against the Scheme at the Court Meeting and the number of CCASS Participants on whose instructions they are cast.

10. ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “18. Actions to be taken” in the explanatory statement in Part VII of this Scheme Document for details of the actions you should take as a Pou Sheng Shareholder, as a Beneficial Owner whose Pou Sheng Shares are held by a Registered Owner, as a Beneficial Owner whose Pou Sheng Shares are deposited in CCASS, or as a Pou Sheng Optionholder.

If you are an overseas Pou Sheng Shareholder or Pou Sheng Optionholder, your attention is drawn to the section headed “13. Overseas Pou Sheng Shareholders and Pou Sheng Optionholders” in the explanatory statement in Part VII of this Scheme Document.

11. FURTHER INFORMATION

You are urged to read the whole of this Scheme Document, in particular (i) the letter from the Independent Board Committee in Part V of this Scheme Document; (ii) the letter from Anglo Chinese in Part VI of this Scheme Document; (iii) the explanatory statement in Part VII of this Scheme Document; and (iv) the Appendices to this Scheme Document.

Pou Sheng Shareholders and potential investors of Pou Sheng should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived (as applicable), and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Pou Sheng Shareholders and potential investors of Pou Sheng should therefore exercise caution when dealing in the securities of Pou Sheng. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

If you are in any doubt as to any aspect of this Scheme Document or the Scheme or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

Yours faithfully,
For and on behalf of
Pou Sheng International (Holdings) Limited

A handwritten signature in black ink, appearing to read 'Wu, Pan-Tsu', with a stylized flourish at the end.

Wu, Pan-Tsu
Chairman