



**POU CHEN CORPORATION**  
寶成工業股份有限公司  
*(Incorporated in Taiwan with limited liability by shares)*



**POU SHENG INTERNATIONAL (HOLDINGS) LIMITED**  
寶勝國際(控股)有限公司  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 3813)**

March 12, 2018

*To the Pou Sheng Optionholders*

Dear Sir or Madam

**OPTION OFFER IN RELATION TO THE 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)**

A composite scheme document dated the same date as this letter issued jointly by Pou Chen Corporation (“**Pou Chen**”) and Pou Sheng International (Holdings) Limited (“**Pou Sheng**”) (the “**Scheme Document**”) is enclosed with this letter. Terms used but not defined in this letter shall have the same meanings and construction as in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

Pou Chen, Pou Sheng and Yue Yuen Industrial (Holdings) Limited jointly announced on January 21, 2018 (the “**Joint Announcement**”) that, among others, Pou Chen requested the Pou Sheng Board to put forward a proposal to privatize Pou Sheng by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act. As stated in the Joint Announcement, as part of the Proposal, Pou Chen will make (or procure to be made on its behalf) an appropriate offer to the Pou Sheng Optionholders in accordance with Rule 13 of the Takeovers Code (“**Option Offer**”). The Option Offer will be conditional upon the Scheme becoming effective.

This letter explains the terms of the Option Offer and the actions you may take in relation to your Pou Sheng Options. You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the documentation under which each of your Pou Sheng Options was granted.

**TERMS OF THE OPTION OFFER**

The Option Offer is conditional on the Scheme becoming effective and its terms are as follows.

## **Exercise period for the Pou Sheng Options**

Paragraph 5.3(f) of the rules of the Pou Sheng Share Option Scheme provides that if a general offer for Pou Sheng Shares by way of a scheme of arrangement is made to all the Pou Sheng Shareholders and has been approved by the requisite majority at the requisite meetings, Pou Sheng shall forthwith give notice thereof to each grantee and the grantee (or his/her legal personal representative) may at any time thereafter (but before such time as shall be notified by Pou Sheng) exercise his/her Pou Sheng Options to its full extent or to the extent specified in such notice.

Paragraph 6(d) of the rules of the Pou Sheng Share Option Scheme provides that subject to the relevant scheme of arrangement (as contemplated in paragraph 5.3(f) of the rules of the Pou Sheng Share Option Scheme) becoming effective, any outstanding Pou Sheng Options shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period for exercising the Pou Sheng Options set out in the notice mentioned above.

Accordingly, the Pou Sheng Board has resolved as follows:

- (1) that the period designated to Pou Sheng Optionholders to exercise their Pou Sheng Options (whether vested or unvested) in accordance with paragraph 5.3(f) of the rules of the Pou Sheng Share Option Scheme shall begin on the date that Conditions (a), (b) and (c) in the section headed “3. Conditions to the Proposal and the Scheme” in the explanatory statement in Part VII of the Scheme Document have been fulfilled and shall end on the Latest Option Exercise Date (the “**Designated Period**”); and
- (2) any Pou Sheng Options (whether vested or unvested) outstanding after the Designated Period and for which no valid Form of Option Offer Acceptance in respect of the Option Offer has been lodged with Computershare Hong Kong Investor Services Limited shall automatically lapse on the date immediately after the Effective Date.

## Entitlements of Pou Sheng Optionholders who accept the Option Offer

Pou Sheng Optionholders who accept the Option Offer and lodge a validly completed Form of Option Offer Acceptance in accordance with the terms in this letter will be entitled to receive the Option Cancellation Price for each Pou Sheng Option which is tendered in acceptance of the Option Offer. The following table sets out the exercise price of all the outstanding Pou Sheng Options and their respective Option Cancellation Price under the Option Offer:

Date of grant	Exercise price (HK\$)	Exercisable period	Option Cancellation Price (HK\$)	Number of Pou Sheng Shares into which Pou Sheng Options (vested and unvested) are exercisable
January 20, 2011	1.230	Until January 19, 2019	0.800	20,839,000
March 7, 2012	1.050	Until March 6, 2020	0.980	375,000
November 14, 2016	2.494	Until September 1, 2019	0.00001	1,166,320
		From September 1, 2018 to September 1, 2020	0.00001	1,166,320
		From September 1, 2019 to September 1, 2021	0.00001	1,166,320
		From September 1, 2020 to September 1, 2022	0.00001	2,332,640
		From September 1, 2021 to September 1, 2023	0.00001	5,831,590
			<b>Total</b>	<b>32,877,190</b>

The Option Cancellation Price represents the “see-through” price of the Pou Sheng Options, being the amount by which the Cancellation Price under the Scheme exceeds the exercise price of each Pou Sheng Option or where the exercise price of the Pou Sheng Option is equal to or above the Cancellation Price, a nominal amount of HK\$0.00001.

The Option Offer is conditional upon the Scheme becoming effective. The Option Offer will become unconditional immediately upon the Effective Date and prior to Pou Sheng being de-listed from the Stock Exchange. The Conditions of the Proposal are set out in the section headed “3. Conditions to the Proposal and the Scheme” in the explanatory statement in Part VII of the Scheme Document.

Payments in respect of the Option Offer will be made within seven (7) Business Days following the closing date of the Option Offer via wire payment to Pou Sheng's bank account for further distribution to Pou Sheng Optionholders. You may face delays or obstacles in changing Hong Kong dollars to other currency or cashing such cheques in certain locations or situations. Settlement of the Option Cancellation Price to which the Pou Sheng Optionholders are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which Pou Chen may otherwise be, or claim to be, entitled against such Pou Sheng Optionholder.

You are further advised to refer to the sections headed "12. Registration and Payment", "13. Overseas Pou Sheng Shareholders and Pou Sheng Optionholders" and "14. Taxation" in the explanatory statement in Part VII of the Scheme Document.

### **How to Accept the Option Offer**

The Form of Option Offer Acceptance is attached to this letter and can also be downloaded from [www.pousheng.com](http://www.pousheng.com). If you do not intend to exercise your Pou Sheng Options before the expiry of the Designated Period, you are strongly advised to read carefully the Scheme Document before deciding whether or not to accept the Option Offer.

To accept the Option Offer, you should complete and return the duly executed Form of Option Offer Acceptance to Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and marked "Pou Sheng International (Holdings) Limited – Option Offer" by not later than 4:00 p.m. on Wednesday, May 30, 2018 (or such other date and time as may be notified to the Pou Sheng Optionholders by or on behalf of Pou Chen).

### **COURSES OF ACTION AVAILABLE TO POU SHENG OPTIONHOLDERS**

In summary, the choices available to you in respect of your Pou Sheng Options are:

- (1) **Exercise your Pou Sheng Options.** You may in accordance with the terms of the Pou Sheng Share Option Scheme (as applicable) exercise all or any of your Pou Sheng Options (to the extent not already exercised) to its full extent or to the extent specified in your notice of exercise of Pou Sheng Options to Pou Sheng at any time up to the expiry of the Designated Period. Any Pou Sheng Shares issued as a result of the exercise of such Pou Sheng Options will be Scheme Shares and **will be subject to and eligible to participate in the Scheme.** The holders of such Pou Sheng Shares may also be entitled to exercise their voting rights at the Court Meeting and the SGM. Please refer to the Scheme Document for details of the Proposal and the Scheme in this regard; or

- (2) **Accept the Option Offer.** You may also duly complete and deliver the Form of Option Offer Acceptance to Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on May 30, 2018 to accept the Option Offer. If you accept the Option Offer, upon the Scheme becoming effective, you will be entitled to receive the Option Cancellation Price in respect of each Pou Sheng Option for which you have accepted the Option Offer.

**If you choose neither of the above courses of action, your Pou Sheng Options will lapse on the date immediately after the Effective Date and you will not be eligible to participate in the Scheme nor receive the Option Cancellation Price.**

Each Pou Sheng Option you hold is independent and you should make a separate decision for each one.

For further details, please refer to the remaining sections of this letter, the Scheme Document and the terms of the Pou Sheng Share Option Scheme (as applicable).

Assuming the Option Offer becomes unconditional on May 30, 2018 (Bermuda time), payment of the Option Cancellation Price are expected to be made on or before June 8, 2018.

#### **POU SHENG OPTIONS HELD AS AT THE LATEST PRACTICABLE DATE**

Information on the Pou Sheng Options held by you as at the Latest Practicable Date is available from the company secretary of Pou Sheng. If there is any exercise of your Pou Sheng Options after the Latest Practicable Date, you will be entitled to tender acceptance only for such Pou Sheng Options that remains unexercised as at the expiry of the Designated Period.

#### **LAPSED POU SHENG OPTIONS**

Please note that nothing in this letter or the Scheme Document serves to extend the life of a Pou Sheng Option which lapses, will lapse, or has already lapsed, under the terms of the Pou Sheng Share Option Scheme (as applicable) prior to the expiry of the Designated Period. You will not be entitled to tender acceptance in respect of a Pou Sheng Option which has lapsed in accordance with its terms on or prior to the expiry of the Designated Period.

## **RECOMMENDATIONS OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

In the letter from Anglo Chinese set out in the Scheme Document, Anglo Chinese states that it considers the terms of the Option Offer to be fair and reasonable.

The Independent Board Committee, having considered the terms of the Option Offer and having taken into account the advice from Anglo Chinese, in particular the factors, reasons and recommendations as set out in the letter from Anglo Chinese, considers that the terms of the Option Offer are fair and reasonable.

Your attention is drawn to the letter from Anglo Chinese and the letter from the Independent Board Committee set out in the Scheme Document.

## **INDEPENDENT FINANCIAL ADVICE**

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take. If you are in any doubt as to any aspect of this letter, the Scheme Document or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

## **GENERAL**

All communications, notices, cheques, certificates and other documents of any nature to be delivered by or sent to or from Pou Sheng Optionholder(s) will be delivered by or sent to or from them, or their designated agents, at their risk, and none of Pou Chen or Pou Sheng accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

The Option Offer will be governed by and construed in accordance with the laws of Hong Kong.

## **RESPONSIBILITY STATEMENTS**

The Pou Sheng Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter (relating to the Pou Sheng Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this letter (relating to opinions expressed by the Pou Sheng Group) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The Pou Chen Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the Pou Sheng Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the Pou Sheng Group) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

By Order of the Board of  
Pou Chen Corporation

A handwritten signature in black ink, appearing to read 'Chan Lu Min', written in a cursive style.

**Chan Lu Min**  
*Chairman*

By Order of the Board of  
Pou Sheng International (Holdings) Limited

**Wu, Pan-Tsu**  
*Chairman*

By Order of the Board of  
Pou Chen Corporation

By Order of the Board of  
Pou Sheng International (Holdings) Limited

**Chan Lu Min**  
*Chairman*

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

**Wu, Pan-Tsu**  
*Chairman*