

bossini

BOSSINI INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD BY QUALIFYING SHAREHOLDERS

Summary

- The Board wishes to announce that the Company proposes to raise approximately HK\$63 million, before expenses, by way of a rights issue of 137,148,746 Rights Shares at HK\$0.46 per Rights Share. The Company will provisionally allot one Rights Share in nil-paid form for every two Shares held by each Qualifying Shareholder on the Record Date.
- The Rights Issue is only available to Qualifying Shareholders.
- The Major Shareholder, at the date of this announcement, is interested in 172,961,250 Shares, representing approximately 63.06% of the existing issued share capital of the Company. The Major Shareholder has irrevocably undertaken to the Company that, inter alia, he will accept his entitlement of 86,480,625 Rights Shares under the Rights Issue.
- The balance of the 50,668,121 Rights Shares have been fully underwritten by the Major Shareholder.
- The net proceeds of the Rights Issue, after deduction of expenses, are expected to amount to approximately HK\$62 million and will be used as to approximately HK\$50 million for funding the expansion of the Group's retail and authorized dealer clothing business in the PRC and the remainder of approximately HK\$12 million as general working capital.
- **The Rights Issue is subject to the satisfaction of the conditions as described under the section headed "Conditions of the Rights Issue" below. Accordingly, the Rights Issue may or may not proceed. Investors' attention is also drawn to the statement "Warning of the risks of dealing in Shares and nil-paid Rights Shares" below.**
- To qualify for the Rights Issue, a Shareholder must be registered as member of the Company on the Record Date with an address in Hong Kong. Accordingly, any transfer of Shares must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Central Registration Hong Kong Limited at Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. (Hong Kong time) on 8 February 2002, the business day immediately prior to the close of register of members of the Company from 11 February 2002 to 18 February 2002 (both days inclusive) and the transferee thereof must have an address in Hong Kong to appear on the register of members of the Company.
- **The Underwriting Agreement contains provisions granting the Major Shareholder the right to terminate his obligations under the Underwriting Agreement on the occurrence of force majeure events by giving written notice to the Company at any time prior to 4:00 p.m. on 14 March 2002.**

TERMS OF RIGHTS ISSUE

Basis

Basis of the Rights Issue : One Rights Share for every two Shares held on the Record Date

Number of existing Shares : 274,297,493 Shares
in issue

Number of Rights Shares : 137,148,746 Rights Shares

As at the date of this announcement, the Company has no share option or other securities in issue which are convertible into Shares.

Subscription price

HK\$0.46 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 renouncee of any provisional allotment or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The subscription price was arrived at after arm's length negotiation between the Company and the Major Shareholder with reference to the market price of the Shares under the prevailing market conditions. The Directors consider the terms of the Rights Issue to be fair and reasonable so far as the Shareholders are concerned.

The subscription price of HK\$0.46 represents:

- a discount of approximately 2.1% to the closing price of HK\$0.47 per Share quoted on the Stock Exchange on 24 January 2002, being the date of the Underwriting Agreement;
- a discount of approximately 2.1% to the theoretical ex-rights price of approximately HK\$0.47 per Share based on the closing price per Share on 24 January 2002;
- a discount of approximately 9.8% to HK\$0.51 per Share, being the average of the closing prices of the ten trading days up to and including 24 January 2002; and
- a discount of approximately 13.2% to HK\$0.53 per Share, being the average of the closing prices of the twenty trading days up to and including 24 January 2002.

Status of the Rights Shares

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

Despatch of Rights Share certificates and refund cheques

Subject to the fulfilment of the Conditions of the Rights Issue, certificates for all fully-paid Rights Shares and refund cheques in respect of wholly or partly unsuccessful applications for excess Rights Shares are expected to be posted to those entitled thereto at their own risk on or before 18 March 2002.

Qualifying Shareholders and Overseas Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders who:

- is registered as a member of the Company at the close of business on the Record Date; and
- has an address in Hong Kong on the register of members of the Company at the close of business on the Record Date.

In order to be registered as members of the Company on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Central Registration Hong Kong Limited at Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. (Hong Kong time) on 8 February 2002, the business day immediately prior to the close of register of members of the Company from 11 February 2002 to 18 February 2002 (both days inclusive) and the transferee thereof must have an address in Hong Kong which shall appear on the register of members of the Company.

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong and Bermuda. The Directors will exercise the discretion granted to them under the bye-laws of the Company not to offer the Rights Shares to the Overseas Shareholders with registered addresses in territories outside Hong Kong where, in the opinion of the Directors, it would or might, be unlawful or impracticable to offer Rights Shares in such places without registration of the Prospectus Documents and/or compliance with any legal or regulatory requirements or special formalities in such places. Accordingly, no

provisional allotment of Rights Shares or any allotment of Rights Shares will be made to Overseas Shareholders. The Company will send the Prospectus to Overseas Shareholders for their information only. The Company will not send PALs and EAFs to Overseas Shareholders.

The Company will make arrangements for the Rights Shares, which would otherwise have been provisionally allotted to Overseas 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, if a premium (net of expenses) can be obtained. The proceeds of such sales, less expenses, will be distributed to Overseas Shareholders in Hong Kong dollars pro rata to their respective shareholdings as soon as practicable. The Company will retain individual amounts of less than HK\$100. Entitlements not sold in the market will be available for application by Qualifying Shareholders on EAFs.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company, if a premium (net of expenses) can be achieved.

Application for excess Rights Shares

Qualifying Shareholders may apply for any unsold entitlement of Overseas Shareholders, any unsold Rights Shares created by adding together fractions of Rights Shares and any Rights Shares provisionally allotted but not accepted. Application for excess Rights Shares may be made by completing and submitting the EAFs. The Board will allocate the excess Rights Shares at its discretion on a fair and reasonable basis but preference will be given to applications for less than one board lot of Shares where it appears to the Directors that such applications have been made to round up an existing holding of an odd lot of Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Dealings in the Rights Shares (in both their nil-paid and fully-paid forms) will be subject to the payment of stamp duty in Hong Kong.

Closure of register of members

The register of members of the Company will be closed from 11 February 2002 to 18 February 2002, both days inclusive. No transfer of Shares will be registered during this period.

UNDERTAKING AND UNDERWRITING ARRANGEMENT

Undertaking by the Major Shareholder

The Major Shareholder, who as at the date of this announcement, is legally and beneficially interested in 172,961,250 Shares (representing approximately 63.06% of the existing issued share capital of the Company). The Major Shareholder has given an irrevocable undertaking to the Company to ensure that all such Shares owned by him will remain registered in his name from the date of undertaking to the Record Date and he will accept his entitlement of 86,480,625 Rights Shares under the Rights Issue. In addition, the Major Shareholder has agreed with the Company to fully underwrite the balance of the 50,668,121 Rights Shares pursuant to the Underwriting Agreement as disclosed below.

Underwriting Agreement

Date : 24 January 2002
Underwriter : the Major Shareholder
Number of Rights Shares underwritten : 50,668,121 Rights Shares

The Major Shareholder does not underwrite issues of securities in his ordinary course of business and will not receive any fee or underwriting commission under the Underwriting Agreement.

In the event that none of the underwritten Rights Shares is accepted or applied for under PALs or EAFs and the underwritten Rights Shares are hence taken up by the Major Shareholder pursuant to the Underwriting Agreement, the Major Shareholder will be interested in an aggregate of 310,109,996 Shares, representing approximately 75.37% of the total issued share capital of the Company as enlarged by the Rights Issue. In such case, the Company and the Major Shareholder will undertake to the Stock Exchange that they will take appropriate steps to ensure that the public float of the Company will be resumed and maintained at a level of 25% or above in order to comply with the relevant Listing Rules requirements.

Other than the Major Shareholder, so far as the Directors are aware, the Company has no substantial shareholder (as defined in the Listing Rules) and none of the Directors and chief executive of the Company nor any of their associates (as defined in the Listing Rules) holds Shares.

Termination of the Underwriting Agreement

It should be noted that the Underwriting Agreement contains provisions granting the Major Shareholder the right to terminate his obligations under the Underwriting Agreement on the occurrence of force majeure events by giving written notice to the Company at any time prior to 4:00 p.m. on 14 March 2002 if in the sole and absolute opinion of the Underwriter acting in good faith:

- (i) the success of the Rights Issue or the taking up of the Right Shares by members of the Company would be adversely affected by:
- (a) the introduction of any new law or regulation or any change in existing law of regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of 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 hereof) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which materially adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially adversely prejudices the success of the Rights Issue or the taking up of the Rights Shares by the members of the Company or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue; or
- (ii) any change in market conditions or combination of circumstances in Hong Kong or elsewhere (including without limitation suspension or material restriction or trading in securities) occurs which may adversely affect the success of the Rights Issue or the taking up of the Rights Shares by members of the Company.

In the event that the Major Shareholder exercises such right to terminate the Underwriting Agreement, the obligations of the Major Shareholder will cease and the Rights Issue will not proceed.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional on:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, the listing of, and permission to deal in, the Rights Shares in their nil-paid form and fully-paid form by not later than 25 February 2002 (the day immediately prior to the expected date of commencement of trading of the Rights Shares in nil-paid form) and 19 March 2002 (the day immediately prior to the expected date of commencement of trading of the Rights Shares in fully-paid form), respectively (or such other date as may be agreed between the Company and the Underwriter);
- (ii) the filing and registration of all documents relating to the Rights Issue in accordance with the applicable laws, rules and regulations with the Stock Exchange and the respective Registrars of Companies in Hong Kong and in Bermuda not later than the 22 February 2002, the expected date of despatch of the Prospectus (or such other date as may be agreed between the Company and the Major Shareholder);
- (iii) the posting of the Prospectus Documents to Qualifying Shareholders (other than Overseas Shareholders) on or before 22 February 2002 (or such other date as may be agreed between the Company and the Major Shareholder);
- (iv) the obtaining of the permission of the Bermuda Monetary Authority, if necessary, for the issue of the Rights Shares by no later than 12 March 2002, the expected last date of acceptance of the Rights Shares (or such other date as may be agreed between the Company and the Major Shareholder);
- (v) the delivery by the Company to the Major Shareholder of the documents listed in the Underwriting Agreement; and
- (vi) the obligations of the Major Shareholder under the Underwriting Agreement becoming unconditional and such Underwriting Agreement not being terminated in accordance with its terms.

In the event of the above conditions not being fulfilled or in respect of the conditions set out in paragraphs (v) and (vi), waived on or before the respective dates aforesaid (or such later date or dates as may be agreed between the Company and the Major Shareholder) or if the Underwriting Agreement shall be terminated in accordance to the terms thereof, all obligations and liabilities of the Company and the Major Shareholder will forthwith cease and determine, neither of them will have any claim against the other (save in respect of any antecedent breaches thereof) and the Rights Issue will not proceed.

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

Shares are expected to be dealt in on an ex-rights basis from 7 February 2002. Dealings in the Rights Shares in nil-paid form are expected to take place from 26 February 2002 to 7 March 2002 (both days inclusive). If the conditions of the Rights Issue set out in the section headed "Conditions of the Rights Issue" are not fulfilled, the Rights Issue will not proceed.

Any dealings in Shares or Rights Shares in their nil-paid form between 26 February 2002 to 7 March 2002, are accordingly at the investors' own risk.

If in any doubt, investors should consider obtaining professional advice.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The net proceeds (after expenses) from the Rights Issue will be approximately HK\$62 million. The Company intends to apply such amount as follows:

- (i) as to approximately HK\$50 million for funding the expansion of the Group's retail and authorized dealer clothing business in the PRC; and
- (ii) as to approximately HK\$12 million as general working capital.

The Company had disclosed in both its annual report 2000-2001 and its interim report 2001-2002 that the clothing market in the PRC will be the main focus of expansion for the Group. In order to capture the expected growth in demand for fashionable casual wear in the PRC, the Group intends to expand its retail business, through the opening of more directly managed shops in major cities in the PRC and to continue to grow its authorised dealer business in the PRC.

TIMETABLE OF THE RIGHTS ISSUE

Last day of dealings in Shares on a cum-rights basis Wednesday, 6 February
Commencement of dealings in Shares on an ex-rights basis Thursday, 7 February
Latest time for lodging transfers of Shares in order to be entitled to the Rights Issue 4:00 p.m. on Friday, 8 February
Register of members closed (both days inclusive) Monday, 11 February to Monday, 18 February

Record Date Monday, 18 February
Register of members re-open Tuesday, 19 February
Despatch of the Prospectus Documents to the Qualifying Shareholders and, for information only, the Prospectus to the Overseas Shareholders by ordinary post Friday, 22 February
First day for dealings in nil-paid Rights Shares Tuesday, 26 February
Latest time for splitting of nil-paid Rights Shares 4:00 p.m. on Monday, 4 March
Last day for dealings in nil-paid Rights Shares Thursday, 7 March
Latest time for acceptance of Rights Shares as well as application for excess Rights Shares and payment for consideration thereof 4:00 p.m. on Tuesday, 12 March
Rights Issue and Underwriting Agreement to become unconditional at or before 4:00 p.m. on Thursday, 14 March
Announcement of result of acceptance of the Rights Issue Friday, 15 March
Despatch of refund cheques in respect of wholly or partially unsuccessful excess applications by ordinary post Monday, 18 March
Despatch of certificates for fully-paid Rights Shares by ordinary post Monday, 18 March
Commencement of dealings in fully-paid Rights Share on the Stock Exchange 10:00 a.m. on Wednesday, 20 March

The above timetable is indicative only and may be executed or varied as agreed by the Company and the Major Shareholder pursuant to the Underwriting Agreement. Any change in the timetable will be published or notified to the Shareholders.

GENERAL

The Company will despatch the Prospectus Documents to each of the Qualifying Shareholders and the Prospectus to each of the Overseas Shareholders, for their information only, as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

"Board" the board of Directors
"business day" a day, other than a Saturday, on which banks in Hong Kong are open for business
"Company" Bossini International Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
"Director(s)" the director(s) of the Company
"EAFs" application forms for excess Rights Shares
"Group" the Company and its subsidiaries
"Hong Kong" the Hong Kong Special Administrative Region of the PRC
"Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange
"Major Shareholder" Mr. Law Ka Sing, the major shareholder of the Company who is interested in approximately 63.06% of the existing issued share capital of the Company
"Overseas Shareholders" Shareholders whose names appear on the principal register of members of the Company in Bermuda or the branch register of members of the Company in Hong Kong as at the close of business on the Record Date and whose addresses as shown on such principal or branch registers of members of the Company are in places outside Hong Kong where, in the opinion of the Directors, it would or might be unlawful or impracticable to offer Rights Shares in such places without registration of the Prospectus Documents or compliance with any legal or regulatory requirements or special formalities in such places
"PALs" provisional allotment letters in relation to the Rights Issue
"PRC" the People's Republic of China and for the purpose of this announcement excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the People's Republic of China
"Prospectus" the prospectus to be issued by the Company in relation to the Rights Issue
"Prospectus Documents" the Prospectus, the PALs and EAFs
"Qualifying Shareholder(s)" Shareholders(s) whose names appear on the principal register of members of the Company in Bermuda or the branch register of members of the Company in Hong Kong as at the close of business on the Record Date, other than Overseas Shareholders
"Record Date" 18 February 2002, being the date by reference to which entitlements to the Rights Issue, as described in this announcement, will be determined
"Rights Issue" the issue by the Company by way of rights to Qualifying Shareholders of 137,148,746 Rights Shares in the proportion of one Rights Share for every two Shares held on the Record Date and subject to the terms and conditions set out in this announcement and the Prospectus Documents
"Rights Shares" the new Shares to be issued pursuant to the Rights Issue
"Share(s)" share(s) of HK\$0.10 each in the share capital of the Company
"Shareholder(s)" holder(s) of the Share(s)
"Stock Exchange" The Stock Exchange of Hong Kong Limited
"Underwriting Agreement" an agreement entered into on 24 January 2002 between the Company and the Major Shareholder in relation to underwriting and certain other arrangements in respect of the Rights Issue
"HK\$" Hong Kong dollars, the lawful currency of Hong Kong
"%" per cent

By Order of the Board
Law Ka Sing
Chairman

Hong Kong, 24 January 2002

Please also refer to the published version of this announcement in Hong Kong iMail and Hong Kong Economic Times.