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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

**If you have sold or transferred** all your shares in Bossini International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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The logo for Bossini International Holdings Limited, featuring the word "bossini" in a white, lowercase, sans-serif font centered within a solid black rectangular box.

## BOSSINI INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 592)**

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS



道亨證券有限公司

DaoHengSecurities Ltd.

**Independent financial adviser to the Independent Board Committee**

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A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on page 10 of this circular. A letter from Dao Heng Securities (as defined herein) containing its advice to the Independent Board Committee is set out on pages 11 to 22 of this circular.

A notice convening the special general meeting of Bossini International Holdings Limited to be held at Ching Room, 4th Floor, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 19 July 2004 at 10:00 a.m. is set out on pages 27 to 28 of this circular. Whether or not you are able to attend the special general meeting in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal place of business in Hong Kong of Bossini International Holdings Limited at 6th Floor, Hong Kong Spinners Industrial Building, Phase 1 & 2, 601-603 Tai Nan West Street, Kowloon, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the special general meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting should you so wish.

30 June 2004

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

<b>“associate(s)”</b>	has the meaning ascribed thereto in the Listing Rules;
<b>“Board”</b>	the board of Directors;
<b>“Bossini Enterprises”</b>	Bossini Enterprises Limited, a company incorporated in Hong Kong with limited liability;
<b>“Company”</b>	Bossini International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange;
<b>“connected person”</b>	has the meaning as given in the Listing Rules;
<b>“Dao Heng Securities”</b>	Dao Heng Securities Limited, independent financial adviser to the Independent Board Committee in relation to the Non-Exempt Continuing Connected Transactions. It is a deemed licensed corporation under the SFO and engaged in types 1, 4, 6, 7 and 9 regulated activities;
<b>“Directors”</b>	the directors of the Company;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Independent Board Committee”</b>	the independent board committee comprising the two independent non-executive Directors, formed specifically to consider and to advise the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions;
<b>“Independent Shareholders”</b>	Shareholders other than Mr. Law, Mr. Orr and their respective associates who are entitled to vote at the Special General Meeting;
<b>“Latest Practicable Date”</b>	24 June 2004, being the latest practicable date prior to the issue of this circular for the purpose of ascertaining certain information contained therein;

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## DEFINITIONS

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<b>“Laws International”</b>	Laws International Group Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by the brothers and sister of Mr. Law who are also the uncles and mother of Mr. Orr;
<b>“Laws International Group”</b>	Laws International and its subsidiaries;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Mr. Law”</b>	Mr. Law Ka Sing, a Director and a substantial shareholder of the Company who held approximately 73.44% of the issued share capital of the Company as at the Latest Practicable Date;
<b>“Mr. Orr”</b>	Mr. Orr Kuen Fung, Simon, a Director;
<b>“Non-Exempt Continuing Connected Transactions”</b>	the purchase of the Products from the Laws International Group by the Group to be conducted from time to time on a regular basis pursuant to the Purchase Agreement;
<b>“Products”</b>	garments which bear the brand name of <b>“bossini”</b> or <b>“sparkle”</b> ;
<b>“Purchase Agreement”</b>	the purchase agreement entered between Bossini Enterprises and Laws International on 2 June 2004;
<b>“SFO”</b>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
<b>“Share(s)”</b>	share(s) of HK\$0.10 each in the issued share capital of the Company;
<b>“Shareholder(s)”</b>	holder(s) of the Share(s);
<b>“Special General Meeting”</b>	the special general meeting of the Company to be held to consider and, if thought fit, to approve the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions and any adjournment thereof;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of Hong Kong; and
<b>“%”</b>	per cent..

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## LETTER FROM THE BOARD

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The logo for Bossini, featuring the word "bossini" in a white, lowercase, sans-serif font inside a black rectangular box.

### BOSSINI INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 592)**

**Executive Directors:**

Mr. Law Ka Sing (*Chairman*)  
Ms. Chau Wai Man, Pansy  
Mr. Orr Kuen Fung, Simon  
Mr. Fung Ping Chuen  
Mr. Fu Shing Kwan, Dickie  
Ms. Chan So Kuen

**Independent non-executive Directors:**

Mr. Cheung Sik Ho, David  
Mrs. Leung Wong Wing Yue, Winnie

**Principal place of business  
in Hong Kong:**

6th Floor  
Hong Kong Spinners  
Industrial Building  
Phase 1 & 2  
601-603 Tai Nan West Street  
Kowloon  
Hong Kong

**Registered office:**

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

30 June 2004

*To the Shareholders*

Dear Sir/Madam,

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### 1. INTRODUCTION

The Board announced in the announcement of the Company dated 2 June 2004 that on 2 June 2004, Bossini Enterprises, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with Laws International (a connected person of the Company under the Listing Rules), pursuant to which the Group agrees to purchase the Products from the Laws International Group for the period from 1 April 2004 to 31 March 2007.

Details of the Purchase Agreement are set out below under the paragraph headed "The Purchase Agreement".

Laws International is wholly owned by the brothers and sister of Mr. Law who are also the uncles and mother of Mr. Orr. Mr. Law and Mr. Orr are Directors. Mr. Law is also a substantial shareholder of the Company. Under Rule 14A.11(4) of the Listing Rules, Laws

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## LETTER FROM THE BOARD

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International is considered a connected person of the Company. Transactions between the Group and the Laws International Group would constitute connected transactions for the Company under the Listing Rules. The Non-Exempt Continuing Connected Transactions are subject to reporting and announcement requirements and Independent Shareholders' approval at the Special General Meeting. Accordingly, the Company will seek the approval of the Independent Shareholders at the Special General Meeting of the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions. Shareholders other than Mr. Law, Mr. Orr and their respective associates will be entitled to vote at the Special General Meeting.

The purpose of this circular is to provide you with further information on the Purchase Agreement, the Non-Exempt Continuing Connected Transactions and the respective caps in relation to the Non-Exempt Continuing Connected Transactions. At the Special General Meeting, resolution will be proposed to seek the Independent Shareholders' approval in relation to the aforesaid matters.

A notice convening the Special General Meeting to be held at Ching Room, 4th Floor, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 19 July 2004 at 10:00 a.m. is set out on pages 27 to 28 of this circular. The Special General Meeting is going to be held for the purpose of considering and, if thought fit, passing the relevant ordinary resolution by way of a poll.

The Independent Board Committee comprising the independent non-executive Directors, namely Mr. Cheung Sik Ho, David and Mrs. Leung Wong Wing Yue, Winnie, has been established to consider whether the terms of the Purchase Agreement and the respective caps in respect of the Non-Exempt Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company as a whole. Dao Heng Securities, the independent financial adviser, has been appointed to advise the Independent Board Committee with respect to the Non-Exempt Continuing Connected Transactions and the respective caps related thereto.

### **2. THE PURCHASE AGREEMENT**

Date of agreement	:	2 June 2004
Parties	:	(1) Bossini Enterprises as purchaser (2) Laws International as supplier
Subject	:	Pursuant to the Purchase Agreement, Bossini Enterprises, a wholly-owned subsidiary of the Company, will, and/or will procure other members of the Group to, purchase the Products from the Laws International Group

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## LETTER FROM THE BOARD

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Term	:	The Purchase Agreement will be effective as from 1 April 2004 and will continue until 31 March 2007 (both dates inclusive) subject to the approval of the Independent Shareholders at the Special General Meeting. Both parties may renew the Purchase Agreement in writing for successive 3 years' term upon the expiry on 31 March 2007 subject to compliance with the Listing Rules
Price	:	To be determined by reference to the prevailing market prices of the raw materials and accessories used in the Products, the labour costs, the order size, the complexity of the design of the Products and the prevailing market demand. In general, the Company would compare the quotations obtained from various potential suppliers and determine the price to be charged after taking into consideration of the quality of the Products to be supplied by the relevant suppliers

The purchase of Products by the Group from the Laws International Group in its ordinary and usual course of business first commenced in April 2003. For the financial year ended 31 March 2004, the dollar value of the Products that the Group had purchased from the Laws International Group amounted to approximately HK\$157,000,000. Such purchases from the Laws International Group represented approximately 18% of the aggregate purchases of the Products by the Group for the financial year ended 31 March 2004. Other than the Purchase Agreement, no contract, in writing or otherwise, in respect the purchase of the Products by the Group from the Laws International Group has been made during the period from 31 March 2004 up to the Latest Practicable Date.

The Board will ensure that the Company will comply with the requirements of the Listing Rules in respect of the purchase of the Products by the Group from the Laws International Group. Prior to the obtaining of the Independent Shareholders' approval at the Special General Meeting, the Board will ensure that the amount of the purchase orders placed by the Group with the Laws International Group will not exceed HK\$10,000,000 or 2.5% of the applicable percentage ratios under the Listing Rules, whichever is the higher.

The Board proposes that the annual value of the purchases of the Products from the Laws International Group by the Group under the Purchase Agreement for the financial years ending 31 March 2005, 31 March 2006 and 31 March 2007 will not exceed HK\$236,000,000, HK\$330,000,000 and HK\$429,000,000 respectively. The basis of the cap amounts is determined with reference to: (i) the historical figures of the purchases of the Products from the Laws International Group by the Group; (ii) the expected increase in the volume of orders to be placed by the Group with the Laws International Group in light of its satisfactory performance

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## LETTER FROM THE BOARD

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during its first year of service ended 31 March 2004; and (iii) the anticipated business growth of the Group of more than 30% per year in the next three years due to the increasing demand for the Products as a whole in view of the recovery of the economy and globalization through expansion into other overseas markets. The Directors intend to expand the Company's distribution network in Mainland China by opening approximately 100 outlets (including both directly managed outlets and those subject to authorised dealer arrangements) during the financial year ending 31 March 2005, of which 14 of them have already been opened in April 2004.

### 3. REASON FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the retailing and distribution of garments under the brand names of "bossini" and "sparkle". The Laws International Group is principally engaged in the design, manufacture and sale of garment products.

The Group has been purchasing the Products from the Laws International Group since April 2003. The Company has provided information relating to the transactions previously conducted between the Laws International Group and the Group to the Stock Exchange in accordance with its request.

Before engaging the Laws International Group for the supply of the Products, the Group purchased the Products from other suppliers who are not connected persons of the Company. The Group intends to continue to engage the Laws International Group as the Laws International Group is able to provide reliable delivery of the Products with quality that meets with the Group's requirements at prices comparable to those offered by other suppliers.

The Directors consider that the terms of the Purchase Agreement have been negotiated on an arm's length basis and on normal commercial terms between the Group and the Laws International Group and are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

The Non-Exempt Continuing Connected Transactions constitute connected transactions for the Company under the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

The Company will seek the approval of the Independent Shareholders of the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions on the following conditions:

- (a) The annual value of purchases of the Products from the Laws International Group by the Group for each of the financial years ending 31 March 2005, 31 March 2006 and 31 March 2007 will not exceed HK\$236,000,000, HK\$330,000,000 and HK\$429,000,000 respectively;

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## LETTER FROM THE BOARD

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- (b)
  - (i) The Non-Exempt Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group and either (A) on normal commercial terms or (B) if there is no available comparison, on terms no less favourable to the Group than terms available from independent suppliers; and
  - (ii) The Non-Exempt Continuing Connected Transactions will be entered into in accordance with the Purchase Agreement and on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (c) Brief details of the Non-Exempt Continuing Connected Transactions will be disclosed in Company's next and each successive annual report, each accompanied with a statement of opinion of the independent non-executive Directors in such manner as referred to in paragraph (d) below;
- (d) The independent non-executive Directors will review annually the Non-Exempt Continuing Connected Transactions, and will confirm in the Company's annual report for the financial year in question that the Non-Exempt Continuing Connected Transactions under their review were conducted in the manner as stated in paragraphs (a) and (b) above;
- (e) The auditors of the Company will review annually the Non-Exempt Continuing Connected Transactions, and confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each relevant period, during which the Non-Exempt Continuing Connected Transactions were conducted, stating that:
  - (i) the Non-Exempt Continuing Connected Transactions have been approved by the Board;
  - (ii) the Non-Exempt Continuing Connected Transactions have been entered into in accordance with the terms of the Purchase Agreement;
  - (iii) the value of the Non-Exempt Continuing Connected Transactions has not exceeded their respective annual limits set out in paragraph (a) above; and
  - (iv) the Non-Exempt Continuing Connected Transactions have been entered into in accordance with the pricing policy of the Group,

and where for whatever reasons, if the auditors of the Company decline to accept the engagement or are unable to provide the auditors' letter, the Board will contact the Listing Division of the Stock Exchange immediately;

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## LETTER FROM THE BOARD

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- (f) The Company will provide the auditors of the Company with full access to the relevant records of the Non-Exempt Continuing Connected Transactions for the purpose of the auditors' review as referred to in paragraph (e) above; and
- (g) The Company will comply with the applicable provisions of the Listing Rules governing connected transactions (including prompt notification to the Stock Exchange and publication of an announcement in newspapers) or will apply for waiver from strict compliance with the relevant requirements in the event that the total amount of the Non-Exempt Continuing Connected Transactions exceeds the caps set out in paragraph (a) above, or that there is any material amendment to the terms of the Purchase Agreement.

### **4. SPECIAL GENERAL MEETING**

A notice convening the Special General Meeting to be held at Ching Room, 4th Floor, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 19 July 2004 at 10:00 a.m. is set out on pages 27 to 28 of this circular for the purpose of considering and, if thought fit, passing the relevant ordinary resolution by way of a poll whereby every Independent Shareholder present in person or by proxy or, in the case of an Independent Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully-paid Share held. Mr. Law, Mr. Orr and their respective associates shall have to abstain from voting at the Special General Meeting pursuant to the Listing Rules.

A form of proxy for use by the Shareholders at the Special General Meeting is enclosed. Whether or not you are able to attend the Special General Meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the principal place of business in Hong Kong of the Company at 6th Floor, Hong Kong Spinners Industrial Building, Phase 1 & 2, 601-603 Tai Nan West Street, Kowloon, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the Special General Meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjourned meeting (as the case may be) should you so wish.

### **5. PROCEDURES FOR DEMANDING A POLL**

Pursuant to Bye-law 70 of the Company's Bye-laws, a resolution put to the vote of a general meeting of the Shareholders shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person or by duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or

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## LETTER FROM THE BOARD

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- (iii) by any Shareholder or Shareholders present in person or by duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person or by duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

In accordance with Rule 13.39(4) of Listing Rules, the chairman of the Special General Meeting will demand a poll in relation to the ordinary resolution for approving the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions at the Special General Meeting.

### 6. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 10 of this circular which contains its recommendation to the Independent Shareholders as to the voting at the Special General Meeting regarding the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions.

Your attention is also drawn to the letter from Dao Heng Securities set out on pages 11 to 22 of this circular, which contains, among others, its advice to the Independent Board Committee in relation to the Non-Exempt Continuing Connected Transactions under the Purchase Agreement and the principal factors and reasons considered by it in concluding its advice.

Your attention is also drawn to the additional information set out in the appendix to this circular.

By order of the Board  
**Bossini International Holdings Limited**  
**Law Ka Sing**  
*Chairman*

**bossini**

**BOSSINI INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 592)**

*To the Independent Shareholders*

30 June 2004

Dear Sir or Madam,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 30 June 2004 of the Company (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company as a whole. Dao Heng Securities, the independent financial adviser, has been appointed to advise the Independent Board Committee with respect to the Non-Exempt Continuing Connected Transactions and the respective caps related thereto.

We wish to draw your attention to the “Letter from the Board” set out on pages 3 to 9 of the Circular which contains, inter alia, information of the Non-Exempt Continuing Connected Transactions and the Purchase Agreement, as well as the “Letter from Dao Heng Securities” set out on pages 11 to 22 of the Circular which contains its advice in respect of the Non-Exempt Continuing Connected Transactions.

Having taken into account the advice of Dao Heng Securities, we consider the terms of the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions to be fair and reasonable so far as the Independent Shareholders are concerned and to be in the interests of the Company as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting in respect of the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**Mr. Cheung Sik Ho, David**

**Mrs. Leung Wong Wing Yue, Winnie**

*Independent non-executive Directors*

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## LETTER FROM DAO HENG SECURITIES

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*The following is the text of the letter of advice to the Independent Board Committee from Dao Heng Securities in connection with the Purchase Agreement and the annual caps for the Non-Exempt Continuing Connected Transactions, which has been prepared for the purpose of inclusion in this circular.*



30 June 2004

To the Independent Board Committee  
Bossini International Holdings Limited  
6th Floor, Hong Kong Spinners Industrial Building  
Phase 1 & 2  
601-603 Tai Nan West Street  
Kowloon  
Hong Kong

Dear Sirs,

### **NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our engagement by the Company as independent financial adviser to advise the Independent Board Committee with respect to the terms of the Purchase Agreement as well as the annual cap amount for the Non-Exempt Continuing Connected Transactions, details of which are contained in the letter from the Board in the circular dated 30 June 2004 to the Shareholders (the “Circular”), of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

On 2 June 2004, Bossini Enterprises, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with Laws International for the purchase of the Products. Laws International is wholly owned by the brothers and sister of Mr. Law who are also the uncles and mother of Mr. Orr. Both Mr. Law and Mr. Orr are Directors. Mr. Law is also a substantial Shareholder. Under Rule 14A.11(4) of the Listing Rules, Laws International is a connected person of the Company and accordingly, the entering into of the Purchase Agreement between Bossini Enterprises and Laws International and the transactions contemplated under the Purchase Agreement constitute connected transactions for the Company and is subject to reporting and announcement requirements and approval by the Independent Shareholders under Rule 14A.35 of the Listing Rules.

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## LETTER FROM DAO HENG SECURITIES

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The Purchase Agreement and the annual cap for the Non-Exempt Continuing Connected Transactions for each of the three years ending 31 March 2007 are conditional on the approval by the Independent Shareholders at the Special General Meeting. During the Special General Meeting, Mr. Law, Mr. Orr and their respective associates will abstain from voting on the resolution. The Independent Board Committee comprising the independent non-executive Directors, namely Mr. Cheung Sik Ho, David and Mrs. Leung Wong Wing Yue, Winnie, has been established to advise the Independent Shareholders in respect of the Purchase Agreement and the annual caps for the Non-Exempt Continuing Connected Transactions.

Our role as the independent financial adviser to the Independent Board Committee is to give our opinion as to whether the terms of the Purchase Agreement and the annual caps for the Non-Exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

In formulating our recommendations, we have relied on the accuracy of the information and representations contained in the Circular, which have been provided by the Directors and have assumed that all information and representations made or referred to in the Circular are true and accurate in all material respects. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and have been advised by the Directors that no material facts have been omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our advice in respect of the Purchase Agreement and the annual caps for the Non-Exempt Continuing Connected Transactions, we have considered the following principal factors and reasons.

#### **A. Reasons for and benefits of the Purchase Agreement and the Non-Exempt Continuing Connected Transactions**

As stated in the Company's announcement dated 2 June 2004, the Group is principally engaged in the retailing and distribution of garments under the brand names of "bossini" and "sparkle", while the Laws International Group is principally engaged in the design, manufacture and sale of garment products. Based on the above, we concur with the Directors that the entering into of the Purchase Agreement to purchase the Products from the Laws International Group is in line with the principal activities of the Group as well as those of the Laws International Group and in the ordinary and usual course of business of the Group.

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## LETTER FROM DAO HENG SECURITIES

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It is further stated in the letter from the Board that, before engaging the Laws International Group for the supply of the Products, the Company purchased the Products from other suppliers who are not connected persons of the Company. The Directors consider that the Laws International Group is able to provide reliable delivery of the Products with quality that meet the Group's requirements at prices comparable to those offered by other suppliers and, therefore, the Group intends to continue to engage the Laws International Group as one of its suppliers. In order to compare the prices quoted by the Laws International Group and independent suppliers for similar products, we obtained from the Company price quotations issued by the Laws International Group and independent suppliers respectively for 10 garment products and the corresponding sales contracts entered into between the Group and the relevant suppliers, including the Laws International Group. We note that the prices quoted by the Laws International Group are of similar level to those quoted by independent suppliers. As such, based on the fact that the Non-Exempt Continuing Connected Transactions are in the ordinary course of business of both the Group and the Laws International Group, we consider that it is reasonable for Bossini Enterprises to enter into the Purchase Agreement with Laws International for the purpose of engaging the Laws International Group as one of its suppliers.

### **B. The Purchase Agreement**

Pursuant to the Purchase Agreement, Bossini Enterprises, a wholly-owned subsidiary of the Company, will, and/or will procure other members of the Group to, purchase the Products from the Laws International Group. The major terms of the Purchase Agreement are set out as follows:

**Price:** To be determined by reference to the prevailing market prices of the raw materials and accessories used in the Products, the labour costs, the order size, the complexity of the design of the Products and the prevailing market demand. In general, the Company would compare the quotations obtained from various potential suppliers and determine the price to be charged after taking into consideration of the quality of the Products to be supplied by the relevant suppliers.

**Term:** From 1 April 2004 to 31 March 2007 (both dates inclusive). The Purchase Agreement is subject to the approval of the Independent Shareholders at the Special General Meeting. Both parties may renew the Purchase Agreement in writing for successive three years' term upon the expiry on 31 March 2007 subject to compliance with the Listing Rules.

As stated in the letter from the Board, the Directors consider that the terms of the Purchase Agreement have been negotiated on an arm's length basis and on normal commercial terms between the Group and the Laws International Group and are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

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## LETTER FROM DAO HENG SECURITIES

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Given that, being one of the conditions under the Independent Shareholders' approval for the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions, the Non-Exempt Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Group and either (a) on normal commercial terms; or (b) if there is no available comparison, on terms no less favourable to the Group than terms available from independent suppliers, we consider that the interests of the Group and the Shareholders have been properly safeguarded and, accordingly, the determination mechanism of the purchase price of the Products is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Besides, given that the Purchase Agreement may be renewed by both parties thereto in writing for successive three years' term upon the expiry on 31 March 2007 subject to compliance with the Listing Rules, we consider that the term of the Purchase Agreement, which is three years and include a clause thereunder to renew the Purchase Agreement under mutual agreement by both parties upon its expiry, is in compliance with the requirements under the Listing Rules, on normal commercial terms and fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **C. Conditions of the Non-Exempt Continuing Connected Transactions**

As stated in the letter from the Board, the Company will seek the approval of the Independent Shareholders of the Purchase Agreement and the respective caps in relation to the Non-Exempt Continuing Connected Transactions on the following conditions:

- (a) the annual value of purchases of the Products from the Laws International Group by the Group for each of the financial years ending 31 March 2005, 31 March 2006 and 31 March 2007 will not exceed HK\$236,000,000, HK\$330,000,000 and HK\$429,000,000 respectively;
- (b)
  - (i) the Non-Exempt Continuing Connected Transactions will be entered into in the usual and ordinary course of business of the Group and either (A) on normal commercial terms or (B) if there is no available comparison, on terms no less favourable to the Group than terms available from independent suppliers; and
  - (ii) the Non-Exempt Continuing Connected Transactions will be entered into in accordance with the Purchase Agreement and on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (c) brief details of the Non-Exempt Continuing Connected Transactions will be disclosed in Company's next and each successive annual report, each accompanied with a statement of opinion of the independent non-executive Directors in such manner as referred to in paragraph (d) below;

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## LETTER FROM DAO HENG SECURITIES

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- (d) the independent non-executive Directors will review annually the Non-Exempt Continuing Connected Transactions, and they will confirm in the Company's annual report for the financial year in question that such Non-Exempt Continuing Connected Transactions under their review were conducted in the manner as stated in paragraphs (a) and (b) above;
- (e) The auditors of the Company will review annually the Non-Exempt Continuing Connected Transactions, and confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each relevant period, during which the Non-Exempt Continuing Connected Transactions were conducted, stating that:
- (i) the Non-Exempt Continuing Connected Transactions have been approved by the Board;
  - (ii) the Non-Exempt Continuing Connected Transactions have been entered into in accordance with the terms of the Purchase Agreement;
  - (iii) the value of the Non-Exempt Continuing Connected Transactions has not exceeded their respective annual limits set out in paragraph (a) above; and
  - (iv) the Non-Exempt Continuing Connected Transactions have been entered into in accordance with the pricing policy of the Group,
- and where for whatever reasons, if the auditors of the Company decline to accept the engagement or are unable to provide the auditors' letter, the Board will contact the Listing Division of the Stock Exchange immediately;
- (f) the Company will provide auditors of the Company with full access to the relevant records of the Non-Exempt Continuing Connected Transactions for the purpose of auditors' review as referred to in paragraph (e) above; and
- (g) the Company will comply with the applicable provisions of the Listing Rules governing connected transactions (including prompt notification to the Stock Exchange and publication of an announcement in newspapers) or will apply for waiver from strict compliance with the relevant requirements in the event that the total amount of any of the Non-Exempt Continuing Connected Transactions exceeds their respective caps, or that there is any material amendment to the terms of the Purchase Agreement.

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## LETTER FROM DAO HENG SECURITIES

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As stated in the letter from the Board, the purchase of Products by the Group from the Laws International Group in its ordinary and usual course of business first commenced in April 2003. For the financial year ended 31 March 2004, the dollar value of the Products that the Group had purchased from the Laws International Group amounted to approximately HK\$157,000,000. Such purchases from the Laws International Group represented approximately 18% of the aggregate purchases of the Products by the Group for the financial year ended 31 March 2004.

### D. Annual caps for the Non-Exempt Continuing Connected Transactions

(a) *Proposed annual caps*

As one of the conditions of the Non-Exempt Continuing Connected Transactions, the Non-Exempt Continuing Connected Transactions will be subject to the annual cap for each financial year up to 31 March 2007 (as mentioned in (a) of the paragraph headed “C. Conditions of the Non-Exempt Continuing Connected Transactions” above). The following table summarises (i) the purchase amount of the Products by the Group from the Laws International Group for the year ended 31 March 2004; (ii) the annual cap for each year up to 31 March 2007; and (iii) the annual growth rate of the purchase amount and the annual cap.

	Year ended		Year ending	
	31 March 2004	31 March 2005	31 March 2006	31 March 2007
	HK\$	HK\$	HK\$	HK\$
Purchases from the Laws International Group	157,000,000	n.a.	n.a.	n.a.
Annual cap	n.a.	236,000,000	330,000,000	429,000,000
Annual growth rate	n.a.	50.3%	39.8%	30.0%

As stated in the letter from the Board, these cap amounts are determined with reference to (i) the historical figures of the purchases of the Products from the Laws International Group by the Group; (ii) the anticipated business growth of the Group of more than 30% per year in the next three years due to the increasing demand for the Products as a whole in view of the recovery of the economy and globalisation through expansion into other overseas markets; and (iii) the expected increase in the volume of orders to be placed by the Group with the Laws International Group in light of its satisfactory performance during its first year of service ended 31 March 2004.

## LETTER FROM DAO HENG SECURITIES

(b) *Our analysis*

In order to assess the reasonableness of the anticipated business growth of the Group of more than 30% per year in the next three years and the annual cap amounts for the Non-Exempt Continuing Connected Transactions, we have looked into the economic environment of the major markets of the Group, recent operating performance and future development of the Group and purchases from its suppliers for the past two financial years ended 31 March 2004.

(i) Economic environment of the Group's major markets

According to the Company's interim report for the six months ended 30 September 2003, the major markets of the Group are Hong Kong, Mainland China, Taiwan and Singapore. The following table summarises the major economic indicators of these regions recently released by relevant authorities:

Region	Percentage change of economic indicator in the 1st quarter of 2004 over the same period in 2003		Source of data
	Gross domestic products ("GDP")	Other economic indicators	
			<i>(Notes)</i>
Hong Kong	6.8%	5.0%	(1) Census and Statistics Department of Hong Kong
Mainland China	9.7%	10.2%	(2) National Bureau of Statistics of China
Taiwan	6.3%	3.1%	(3) Department of Statistics, Ministry of Economic Affairs of Taiwan
Singapore	7.5%	13.6%	(4) Singapore Department of Statistics

*Notes:*

- (1) represents the growth rate of private consumption expenditure in Hong Kong in the 1st quarter of 2004 over the same period in 2003
- (2) represents the growth rate of total retail sales of consumer goods in Mainland China in the 1st quarter of 2004 over the same period in 2003
- (3) represents the growth rate of private consumption expenditure in Taiwan in the 1st quarter of 2004 over the same period in 2003 and both the growth rates in GDP and private consumption expenditure in Taiwan in the 1st quarter of 2004 are forecasted figures
- (4) represents the growth rate of wholesale and retail trade value in Singapore in the 1st quarter of 2004 over the same period in 2003

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## LETTER FROM DAO HENG SECURITIES

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As illustrated in the table above, all the major markets of the Group recorded growth in GDP of over 6% in the first quarter of 2004 as compared with that in the same period in 2003. Since the Group is mainly engaged in retail and distribution of garments, we also looked into the trend of various economic indicators in these regions, such as private consumption expenditure in Hong Kong and Taiwan, total retail sales in Mainland China and wholesale and retail trade value in Singapore. We note that all of the aforementioned economic indicators have been increasing in the recent months. In addition, Hong Kong, which is the largest revenue contributor to the Group accounting for approximately 45.4% of the Group's total turnover for the year ended 31 March 2003, is expected to benefit from the further relaxation of individual travel to Hong Kong from three cities of each of Jiangsu Province, Zhejiang Province and Fujian Province. Starting from 1 July 2004, residents of 32 cities in the PRC (including those from Jiangsu Province, Zhejiang Province and Fujian Province) can apply for individual travel to Hong Kong, which is expected to fuel Hong Kong retail sales. Given the favourable economic conditions of the major markets of the Group, we concur with the Directors' view that the recovery of economy is underway which, we consider, may provide a better operating environment for the Group.

(ii) Recent operating performance and future development of the Group

As stated in the annual report of the Company for the year ended 31 March 2003 ("Annual Report 2003" and for the year ended 31 March 2002, "Annual Report 2002"), the Group reported a net loss attributable to Shareholders of approximately HK\$74.1 million and this was due to the fact that its sales were seriously affected as a result of changes made in its product designs by offering more fashionable items with a younger look that were different from its usual offerings. It was further stated that the Group completed the necessary adjustments with the launch of 2003 Spring/Summer collection, which reverted to more easy-to-wear and basic apparel and the management team has embarked on a process of revitalizing the Group, so as to ensure that the business will continue to prosper in today's highly competitive market.

Based on the Annual Report 2003, the Group's net retail sales (excluding those from the outlets under authorised dealer arrangements) amounted to approximately HK\$1,400.3 million, representing approximately 82.8% of the Group's total turnover during the year. Having discussed with the Directors, the Group's operation in Mainland China for the past years was unsatisfactory due to management inefficiency (details of which has been set out in this sub-paragraph below). Therefore, we have focused our analysis on its retail sales (excluding those from Mainland China) in order

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## LETTER FROM DAO HENG SECURITIES

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to assess the performance of the Group's existing operation after the Group's rectification of product direction. Based on the information provided by the Directors, the Group's retail sales for the six months ended 31 May 2004 from its outlets (excluding those from the outlets in Mainland China), which were also existed during the same period ended 31 May 2003, grew approximately 23%. We consider that reference can be made to the aforesaid of 23% as the Group's growth for its existing business.

As stated in the Annual Report 2003, Mainland China is the second largest market of the Group and the Group derived revenue of approximately HK\$321.4 million therefrom, accounting for approximately 23% of the Group's retail operation (excluding those from the outlets under authorised dealer arrangements). As discussed with the Directors, the Directors at present intend to expand its distribution network in Mainland China by opening approximately 100 new outlets (including both directly managed outlets as well as those subject to authorised dealer arrangements) during the financial year ending 31 March 2005. The Directors also advised us that 14 outlets have already been opened in Mainland China in April 2004. Below are the extracts from the Annual Report 2002 and 2003 in respect of the Group's operation in Mainland China (excluding those from the outlets subject to authorised dealer arrangements).

	For the year ended		
	31 March		
	2003	2002	2001
Net sales from directly managed outlets (HK\$ million)	321.4	181.8	129.2
Number of outlets as at the beginning of the financial year	103	33	9
Number of outlets as at the end of the financial year	257	103	33
Average number of outlets during the year	180	68	21
Average net sales per outlet (HK\$ million)	1.8	2.7	6.2

*Note:* The information contained in the above table is extracted from the section headed "Management Discussion and Analysis" in the Annual Report 2002 and 2003, which had not been audited by the Company's auditors.

Based on the above, we notice that the average net sales per outlet were HK\$6.2 million, HK\$2.7 million and HK\$1.8 million for the three years ended 31 March 2003 respectively. The drop in net sales may be due to the launch of the "sparkle" brand for the year ended 31 March 2003. It was stated in the Annual Report 2003 that the launch of the "sparkle" brand in Mainland China was not very successful due to management

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## LETTER FROM DAO HENG SECURITIES

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inefficiency and serious delays in the execution of business plan. In addition, delays were encountered in the schedule for outlet openings and sales did not increase at the planned rate. It was further stated that in April 2003, the General Manager of the Group's Mainland China operation was replaced.

Since (i) the Group's operation in Mainland China may be at its start up stage (with on average only 21 outlets) during the year ended 31 March 2001; and (ii) the performance of the operation in Mainland China may be distorted by the management inefficiency as discussed above for the year ended 31 March 2003, we consider that it may be more appropriate to project the additional revenue derived from approximately 100 new outlets to be opened in Mainland China with reference to the average net sales per outlet of HK\$2.7 million for the year ended 31 March 2002. Therefore, the projected revenue will be HK\$270 million representing approximately 16% of the total turnover of the Group for the year ended 31 March 2003.

Given (i) the favourable operating environment of the Group as discussed in the sub-paragraph headed "(i) Economic environment of the Group's major markets" above, (ii) the anticipated organic growth of its existing operation of 23%; and (iii) the anticipated growth in revenue of 16% for the financial year ending 31 March 2005 as compared with the Group's total turnover for the year ended 31 March 2003 resulting from the openings of approximately 100 new outlets in Mainland China as discussed above, we consider that it is reasonable for the Directors to anticipate the Group's business growth of more than 30%.

(iii) Purchases from suppliers for the past two financial years ended 31 March 2004

Having discussed with the Directors, we understand that the Group designs its own products every upcoming season. Before entering into contracts with its suppliers to produce samples of garment products, the Group would obtain quotations from various suppliers for manufacture of garment products (reference can be made to the paragraph headed "A. Reasons for and benefits of the Purchase Agreement and the Non-Exempt Continuing Connected Transactions" above). The Group has 8 in-house buying teams for retail and distribution responsible for assessing and estimating the demand for each garment product based on the product samples supplied by the Group's suppliers for the upcoming season. Therefore, the dollar value of purchases of garment products by the Group from each supplier may vary from season to season.

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## LETTER FROM DAO HENG SECURITIES

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In addition, the entering into contracts with the suppliers for the garment products by the Group is subject to a number of factors generally including: (i) the quality and the price of the garment products; and (ii) the production capacities and schedules of the suppliers. The Directors explained to us that some of its suppliers sometimes are unable to enter into contracts with the Group due to their tight production capacities and schedules and the Group has to shift its purchase orders to other suppliers. Therefore, we note that there are some fluctuations of the Group's lists of suppliers in terms of purchases in dollar value for the past two financial years ended 31 March 2004.

As advised by the Directors, in light of the satisfactory performance of the Laws International Group during its first year of service ended 31 March 2004, the Group is likely to shift its purchase orders of the Products from other suppliers to the Laws International Group in the event that (i) these other suppliers are unable to enter into contracts with the Group due to their tight production schedules; (ii) the samples of products manufactured by the Laws International Group might be well-received by its in-house buying teams for retail and distribution such that the total purchase amounts in dollar value from the Laws International Group for the coming years might increase; and (iii) the Laws International Group is able to offer competitive pricing and good quality of Products. As such, we consider that it appears to be a normal industry practice for shifting purchase orders of garment products from one supplier to other suppliers.

According to the lists of suppliers for purchases in Hong Kong provided by the Company for the past two financial years ended 31 March 2004, we notice that the Group has ceased to engage 12 suppliers and has engaged 9 new suppliers for the financial year ended 31 March 2004 with purchases of products placed therewith for approximately HK\$166.5 million, representing approximately 18.7% of the Group's total purchases during the year. Therefore, we consider that it is reasonable to build in a buffer of significant amount for the annual cap amount, say 19%, to allow flexibility for the Group to increase the volume of orders to be placed with the Laws International Group when necessary.

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## LETTER FROM DAO HENG SECURITIES

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(c) *Conclusion*

Given (i) the anticipated organic growth of its existing operation of 23%, (ii) the anticipated growth in revenue of 16% for the financial year ending 31 March 2005 as compared with the Group's total turnover for the year ended 31 March 2003 resulting from the openings of approximately 100 new outlets in Mainland China; and (iii) a buffer of 19% for shifting purchase orders from other suppliers to the Laws International Group as discussed in the sub-paragraph headed "(b) Our analysis" above, we consider that the annual cap amounts of the Products to be purchased from the Laws International Group by the Group under the Purchase Agreement for the years ending 31 March 2005, 31 March 2006 and 31 March 2007 of HK\$236,000,000, HK\$330,000,000 and HK\$429,000,000 (with the respective year-on-year growth rates of 50%, 40% and 30%) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Taking into account a series of conditions attached to the transactions under the Purchase Agreement, in particular, (a) the restriction by way of the annual caps; and (b) the ongoing annual review by the independent non-executive Directors and the auditors of the Company as described in paragraph headed "C. Conditions of the Non-Exempt Continuing Connected Transactions" in this letter, we consider that the Company has taken appropriate measures to govern the Company in carrying out the transactions under the Purchase Agreement, thereby safeguarding the interests of the Independent Shareholders thereunder.

### RECOMMENDATION

Having taken into account the above factors and reasons, we consider that the entering into of the Purchase Agreement and the terms thereunder and the annual caps for the Non-Exempt Continuing Connected Transactions are fair and reasonable so far as the interests of the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote at the Special General Meeting in favour of the resolution in relation to the Purchase Agreement and the annual caps for the Non-Exempt Continuing Connected Transactions.

Yours faithfully,

For and on behalf of

**Dao Heng Securities Limited**

**Venus Choi**

*Executive Director*

**Jenny Leung**

*Director, Corporate Finance*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

**DIRECTORS' INTERESTS AND SHORT POSITION**

As at the Latest Practicable Date, the interests and short position of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company which (a) were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Nature of interest	Note	Number of Shares held	Number of underlying Shares held	Total	Approximate
						percentage of total issued Shares as at the Latest Practicable Date
Mr. Law Ka Sing	Personal		566,545,549	–	566,545,549	73.44%
Ms. Chau Wai Man, Pansy	Personal	(1)	2,000,000	5,000,000	7,000,000	0.91%
Mr. Orr Kuen Fung, Simon	Family	(1)	3,400,000	5,000,000	8,400,000	1.09%
Mr. Fung Ping Chuen	Personal	(1)	2,174,000	5,000,000	7,174,000	0.93%
Mr. Fu Shing Kwan, Dickie	Personal	(1)	1,000,000	5,000,000	6,000,000	0.78%
Ms. Chan So Kuen	Personal	(1)	2,500,000	5,000,000	7,500,000	0.97%

*Notes:*

- (1) The underlying Shares are the subject of the share options granted under the share option scheme of the Company adopted on 27 November 2003.
- (2) All the interests disclosed above represent long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company held any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of the SFO) notifiable to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

### **SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors or chief executive of the Company, no person (other than a director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares in 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 was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meeting of any other member of the Group.

### **MATERIAL CHANGES**

As at the Latest Practicable Date, save as shown in the unaudited interim results of the Group for the six months ended 30 September 2003, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2003, the date to which the latest published audited consolidated accounts for the Group have been made up.

### **OTHER INTERESTS OF THE DIRECTORS**

As at the Latest Practicable Date:

- (i) none of the Directors had any direct or indirect interest in any assets which have been, since 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
- (ii) 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 as at the date of this circular and which is significant in relation to the business of the Group.

**DIRECTORS' INTEREST IN SERVICE CONTRACTS**

None of the Directors has entered or is proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation (other than statutory compensation)).

**EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Dao Heng Securities	a deemed licensed corporation under the SFO and engaged in types 1, 4, 6, 7 and 9 regulated activities

Dao Heng Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

Dao Heng Securities is not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**MISCELLANEOUS**

- (a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 6th Floor, Hong Kong Spinners Industrial Building, Phase 1 & 2, 601-603 Tai Nan West Street, Kowloon, Hong Kong.
- (c) The company secretary of the Company is Ms. Chan So Kuen who is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants.
- (d) The branch share registrars and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at 6th Floor, Hong Kong Spinners Industrial Building, Phase 1 & 2, 601-603 Tai Nan West Street, Kowloon, Hong Kong during the normal business hours on any weekday, except public holidays, from the date of this circular up to and including the date of the Special General Meeting:

- (1) the memorandum of association and bye-laws of the Company;
- (2) the annual reports of the Company for the two years ended 31 March 2002 and 2003;
- (3) the interim reports of the Company for six months ended 30 September 2002 and 2003;
- (4) the Purchase Agreement;
- (5) the letter from the Independent Board Committee set out on page 10 of this circular;
- (6) the letter from Dao Heng Securities set out on pages 11 to 22 of this circular; and
- (7) the written consent referred to in the paragraph "Expert and consent" to this Appendix.

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## NOTICE OF SPECIAL GENERAL MEETING

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**bossini**

### **BOSSINI INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 592)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Bossini International Holdings Limited (the “Company”) will be held at Ching Room, 4th Floor, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 19 July 2004 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

**“THAT:**

- (a) the Purchase Agreement (as defined in the circular of the Company dated 30 June 2004 (the “Circular”)), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved;
- (b) the proposed annual caps in relation to the Non-Exempt Continuing Connected Transactions (as defined in the Circular), being HK\$236,000,000 for the financial year ending 31 March 2005, HK\$330,000,000 for the financial year ending 31 March 2006 and HK\$429,000,000 for the financial year ending 31 March 2007, be and are hereby approved; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in or relating to the Purchase Agreement and/or the Non-Exempt Continuing Connected Transactions as he/they may consider necessary, desirable or expedient.”

By order of the Board  
**Law Ka Sing**  
*Chairman*

Hong Kong, 30 June 2004

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## NOTICE OF SPECIAL GENERAL MEETING

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*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Principal place of business in Hong Kong:*

6th Floor, Hong Kong Spinners Industrial Building  
Phase 1 & 2  
601-603 Tai Nan West Street  
Kowloon  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed. To be valid, the form of proxy, together with the notarially certified power of attorney or other authority (if any) under which it is signed must be deposited at the principal place of business in Hong Kong of the Company at 6th Floor, Hong Kong Spinners Industrial Building, Phase 1 & 2, 601-603 Tai Nan West Street, Kowloon, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.
3. Where there are joint holders of any share, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled to vote, but if more than one of such joint holder be present at the meeting in person or by proxy, the person so present whose name stands first in the register of member of the Company in respect of such share shall alone be entitled to vote in respect of it.
4. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjourned meeting if he so desires. If a member attends the meeting after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.
5. The votes to be taken at the meeting will be taken by a poll.