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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\$56.57 million, before expenses, by way of a rights issue of 257,153,899 Rights Shares at HK\$0.22 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 324,302,343 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 162,151,171 Rights Shares under the Rights Issue.
- The balance of the 95,002,728 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\$55.67 million and will be used (i) as to about HK\$10 million to finance the expansion of the Group's authorised dealer business in the PRC; (ii) as to about HK\$30 million for repayment of bank borrowings; and (iii) the balance of about HK\$15.67 million as general working capital of the Group.
- **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 dealings 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, Computershare Hong Kong Investor Services 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 9 April 2003, the business day immediately prior to the close of register of members of the Company from 10 April 2003 to 15 April 2003 (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 9 May 2003.**
- At the request of the Company, trading in the Shares was suspended on the Stock Exchange with effect from 9:30 a.m. on 24 March 2003 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 25 March 2003.

TERMS OF THE RIGHTS ISSUE

Basis

Basis of the Rights Issue	:	One Rights Share for every two Shares held on the Record Date
Number of existing Shares in issue	:	514,307,798 Shares
Number of Rights Shares	:	257,153,899 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\$0.22 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 renounee 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\$0.22 represents:

- a discount of approximately 5.17% to the closing price of HK\$0.232 per Share quoted on the Stock Exchange on 21 March 2003, being the last trading day immediately before suspension of trading in the Shares on the Stock Exchange with effect from 24 March 2003;

- (ii) a discount of approximately 3.51% to the theoretical ex-rights price of approximately HK\$0.228 per Share based on the closing price per Share on 21 March 2003;
- (iii) a discount of approximately 6.78% to HK\$0.236 per Share, being the approximate average of the closing prices of the Shares during the ten trading days up to and including 21 March 2003; and
- (iv) a discount of approximately 13.04% to HK\$0.253 per Share, being the approximate average of the closing prices of the Shares during the twenty trading days up to and including 21 March 2003.

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 in full, 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 13 May 2003.

Qualifying Shareholders and Overseas Shareholders

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

- (i) is registered as a member of the Company at the close of business on the Record Date; and
- (ii) 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, Computershare Hong Kong Investor Services 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 9 April 2003, the business day immediately prior to the close of register of members of the Company from 10 April 2003 to 15 April 2003 (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 10 April 2003 to 15 April 2003, 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 324,302,343 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 162,151,171 Rights Shares under the Rights Issue. In addition, the Major Shareholder has agreed with the Company to fully underwrite the balance of the 95,002,728 Rights Shares pursuant to the Underwriting Agreement as disclosed below.

Underwriting Agreement

Date : 24 March 2003

Underwriter : the Major Shareholder

Number of Rights Shares underwritten : 95,002,728 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 581,456,242 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.

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Rights Issue:

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all the underwritten Rights Shares are accepted or applied for under the PALs or EAFs)		Immediately after completion of the Rights Issue (assuming none of the underwritten Rights Shares are accepted or applied for under the PALs or EAFs)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Major Shareholder	324,302,343	63.06	486,453,514	63.06	581,456,242	75.37
Public	190,005,455	36.94	285,008,183	36.94	190,005,455	24.63
	<u>514,307,798</u>	<u>100.00</u>	<u>771,461,697</u>	<u>100.00</u>	<u>771,461,697</u>	<u>100.00</u>

The Stock Exchange has stated that, if less than 25% of the issued Shares are in public hands immediately after completion of the Rights Issue, or if the Stock Exchange believes that a false market exists or may exist in the trading in the Shares or that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

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 9 May 2003 if in the sole and absolute opinion of the Major Shareholder 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 of the Underwriting Agreement) 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 Major Shareholder to proceed with the Rights Issue; or**
- (ii) any material 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 and materially 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 21 April 2003 (the day immediately prior to the expected date of commencement of trading of the Rights Shares in nil-paid form) and 15 May 2003 (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 Major Shareholder);**

- (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 16 April 2003, 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 16 April 2003 (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 6 May 2003, 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); and
- (v) 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 paragraph (v) not being 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 DEALINGS IN SHARES AND NIL-PAID RIGHTS SHARES

Shares are expected to be dealt in on an ex-rights basis from 8 April 2003. Dealings in the Rights Shares in nil-paid form are expected to take place from 22 April 2003 to 30 April 2003 (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 22 April 2003 to 30 April 2003, 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\$55.67 million. The Company intends to apply such amount (i) as to about HK\$10 million to finance the expansion of the Group’s authorised dealer business in the PRC; (ii) as to about HK\$30 million for repayment of bank borrowings; and (iii) the balance of about HK\$15.67 million as general working capital of the Group.

As mentioned in the Company’s annual report for the financial year ended 31 March 2002, the market in the PRC looks to be highly promising, and the Group will continue to focus on expanding its operations there. Building and developing an extensive sales network and achieving stronger brand recognition are key to the Group in achieving its goals. The Group intends to apply part of the net proceeds from the Rights Issue in the amount of about HK\$10 million for the expansion of its authorised dealer business in the PRC, in particular the SPARKLE brand business, and it aims to establish 60 more outlets in the PRC in the coming year.

The Group plans to apply part of the net proceeds from the Rights Issue in the amount of about HK\$30 million for repayment of bank borrowings in order to improve its financial position. As set out in the Group's interim results for the six months ended 30 September 2002, the Group's total debt to equity ratio was about 1.21 as at 30 September 2002 (calculated by dividing total liabilities of HK\$358,412,000 by the total shareholders' equity of HK\$295,866,000). On that basis, upon repayment of the bank borrowings in the amount of about HK\$30 million following completion of the Rights Issue, the Group's total debt to equity ratio will decrease to about 0.93.

As set out in the prospectus dated 22 February 2002 in relation to a rights issue of the Company ("2002 Rights Issue") which was completed in March 2002, the Company planned to apply the net proceeds (after expenses) from the 2002 Rights Issue in the amount of about HK\$62 million (i) as to about HK\$50 million for funding the expansion of the Group's retail and authorised dealer clothing business in the PRC, including the establishment of more outlets; and (ii) as to about HK\$12 million as general working capital. The Directors have confirmed that the net proceeds (after expenses) from the 2002 Rights Issue of about HK\$62 million have been fully utilized by end of December 2002 according to the said plans as set out in prospectus in relation to the 2002 Rights Issue.

TIMETABLE OF THE RIGHTS ISSUE

2003

Last day of dealings in Shares on a cum-rights basis	Monday, 7 April
Commencement of dealings in Shares on an ex-rights basis	Tuesday, 8 April
Latest time for lodging transfers of Shares in order to be entitled to the Rights Issue	4:00 p.m. on Wednesday, 9 April
Register of members closed (both days inclusive)	Thursday, 10 April to Tuesday, 15 April
Record Date	Tuesday, 15 April
Despatch of the Prospectus Documents to the Qualifying Shareholders and, for information only, the Prospectus to the Overseas Shareholders by ordinary post	Wednesday, 16 April
Register of members re-open	Wednesday, 16 April
First day for dealings in nil-paid Rights Shares	Tuesday, 22 April
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on Friday, 25 April
Last day for dealings in nil-paid Rights Shares	Wednesday, 30 April
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, 6 May

Rights Issue and Underwriting Agreement to become unconditional at or before	4:00 p.m. on Friday, 9 May
Publication of the announcement of result of acceptance of the Rights Issue	Monday, 12 May
Despatch of refund cheques in respect of wholly or partially unsuccessful excess applications by ordinary post	Tuesday, 13 May
Despatch of certificates for fully-paid Rights Shares by ordinary post	Tuesday, 13 May
Commencement of dealings in fully-paid Rights Share on the Stock Exchange	9:30 a.m. on Friday, 16 May

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.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares was suspended on the Stock Exchange with effect from 9:30 a.m. on 24 March 2003 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 25 March 2003.

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 shares 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 as at the date of this announcement
“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, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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”	15 April 2003, 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 257,153,899 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 Share(s)”	the new Share(s) 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 March 2003 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 March 2003

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