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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, 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 form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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bossini

BOSSINI INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
PROPOSED BONUS ISSUE OF SHARES
AND
GENERAL MANDATES TO ISSUE NEW SHARES AND
TO REPURCHASE SHARES**

A notice convening the annual general meeting of **BOSSINI INTERNATIONAL HOLDINGS LIMITED** to be held at Tang Room I, 3rd Floor, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 30 August 2002 at 10:00 a.m. is set out in the 2001/2002 annual report of the Company. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the principal office 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 meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

23 July 2002

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EXPECTED TIMETABLE

2002

Last day of dealings in Shares cum-entitlements to Bonus Issue	Wednesday, 21 August
Commencement of dealings in Shares ex-entitlements to Bonus Issue	Thursday, 22 August
Latest time for lodging Share transfer forms to qualify for entitlements to Bonus Issue	4:00 p.m. on Friday, 23 August
Register of Members to be closed (both days inclusive) from	Monday, 26 August
to	Friday, 30 August
Latest time for lodging forms of proxy for the Annual General Meeting	10:00 a.m. on Wednesday, 28 August
Record Date	Friday, 30 August
Annual General Meeting	10:00 a.m. on Friday, 30 August
Despatch of certificates for Bonus Shares	Thursday, 12 September
Commencement of dealings in Bonus Shares on the Stock Exchange	Monday, 16 September

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at Tang Room I, 3rd Floor, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 30 August 2002 at 10:00 a.m.
“AGM Notice”	the notice convening the Annual General Meeting which is set out in the Annual Report
“Annual Report”	2001/2002 annual report of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares to Qualifying Shareholders on the basis of one Bonus Share for every four existing Shares held on the Record Date and subject to the terms and conditions set out in this circular
“Bonus Share(s)”	new Shares to be issued pursuant to the Bonus Issue
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Bossini International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Latest Practicable Date”	19 July 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholders”	Shareholders whose registered addresses as shown on the Register of Members on the Record Date are outside Hong Kong

DEFINITIONS

“Qualifying Shareholders”	Shareholders (other than Overseas Shareholders) whose names appear on the Register of Members on the Record Date
“Record Date”	30 August 2002, being the record date for determining the entitlements to Bonus Issue
“Register of Members”	the principal or branch register of members of the Company maintained in Bermuda or Hong Kong respectively
“Registrars”	Computershare Hong Kong Investor Services Limited of Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, being the Hong Kong branch share registrars of the Company
“Repurchase Mandate”	the general mandate proposed to be sought for Shareholders’ approval at the Annual General Meeting for granting Directors the authority to repurchase Shares in the manner set out in the ordinary resolution numbered 7 in the AGM Notice
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD

bossini

BOSSINI INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Ka Sing LAW (*Chairman*)
Mr. Chi Kwong TO
Ms. Irene CHEN
Ms. Pansy Wai Man CHAU
Mr. Simon Kuen Fung OR

Independent Non-executive Directors:

Mr. David Sik Ho CHEUNG
Mrs. Winnie Wing Yue WONG LEUNG

Registered office:

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Principal office:

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

23 July 2002

To the Shareholders

Dear Sir or Madam,

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
PROPOSED BONUS ISSUE OF SHARES
AND
GENERAL MANDATES TO ISSUE NEW SHARES AND
TO REPURCHASE SHARES**

INTRODUCTION

The purpose of this circular is to provide you with the requisite information for consideration of the captioned matters, in compliance with the Listing Rules, and to seek your approval at the Annual General Meeting in connection with such matters.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to enhance the flexibility in issuing new Shares in the future, the Directors proposed to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$200,000,000 by the creation of an additional 1,000,000,000 new Shares, such new Shares ranking pari passu in all respects with the existing issued Shares. The Directors have no present intention to issue any part of the capital to be increased.

The full text of the proposed resolution is set out in ordinary resolution numbered 4 in the AGM Notice.

LETTER FROM THE BOARD

PROPOSED BONUS ISSUE OF SHARES

1. Introduction

In the announcement of final results of the Company for the year ended 31 March 2002 made on 27 June 2002, the Directors recommended a Bonus Issue to the Qualifying Shareholders on the Register of Members on the Record Date.

The full text of the proposed resolution is set out in ordinary resolution numbered 5 in the AGM Notice.

2. Bonus Issue

The Directors recommended that, subject to the fulfillment of the conditions set out below, the Bonus Shares will be issued to the Qualifying Shareholders on the basis of one Bonus Share for every four existing Shares held. The Bonus Shares will be credited as fully paid on issue and will rank pari passu in all respect with the existing issued Shares except that they will not be eligible for the Bonus Issue.

As the Directors are of the view that granting the Bonus Shares to the Overseas Shareholders would or might, in the absence of compliance with registration or other special formalities in such jurisdictions, be unlawful or impracticable, the Bonus Shares will not be allotted or issued to them. However, arrangements will be made for those Bonus Shares which would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as practicable after dealings in Bonus Shares commence, if a premium (net of expenses) can be obtained. Any proceeds of such sales, after deduction of expenses, will be distributed in Hong Kong dollars to the Overseas Shareholders at their own risk pro rata to their respective holdings of Shares as soon as practicable, unless the amount falling to be distributed to any Overseas Shareholder is less than HK\$100, in which case such amount will be retained for the benefit of the Company.

Based on 411,446,239 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are or will be issued or repurchased prior to the Record Date, a maximum of 102,861,559 Bonus Shares will be issued, credited as fully paid, pursuant to the Bonus Issue and a sum up to HK\$10,286,156 standing to the credit of the share premium account of the Company will be capitalised.

The number of the Bonus Shares to be issued under the Bonus Issue to each Qualifying Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Bonus Shares will not be issued to the Qualifying Shareholders but will be aggregated and sold in the market for the benefit of the Company.

3. Conditions

The Bonus Issue is conditional upon:

- (a) the passing at the Annual General Meeting of ordinary resolution numbered 5 as set out in the AGM Notice to approve the Bonus Issue; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares.

LETTER FROM THE BOARD

4. Closure of Register of Members

The Register of Members will be closed from Monday, 26 August 2002 to Friday, 30 August 2002, both days inclusive, in order to determine entitlements to the Bonus Issue. During this period, no transfer of Shares will be effected.

The last day for dealings in Shares cum-entitlements to the Bonus Issue will be Wednesday, 21 August 2002. In order to qualify for the Bonus Issue, all Share transfer forms accompanied by the relevant share certificates must be lodged with the Registrars not later than 4:00 p.m. on Friday, 23 August 2002.

5. Listing and dealings

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. The Shares are not listed or dealt in, and no listing of or permission to deal in the Shares and/or the Bonus Shares is being or is proposed to be sought on, any stock exchange other than the Stock Exchange.

Upon the Bonus Issue becoming unconditional, certificates for the Bonus Shares are expected to be dispatched by ordinary post to the Qualifying Shareholders (in case of the joint holders, to the first-named holder registered on the Register of Members on the Record Date) at their own risk on or before Thursday, 12 September 2002.

Subject to the granting of listing of, and permission to deal in, the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Bonus Shares on the Stock Exchange are expected to commence on Monday, 16 September 2002 and will be subject to payment of stamp duty in Hong Kong.

GENERAL MANDATE TO ISSUE NEW SHARES

An ordinary resolution will be proposed at the Annual General Meeting to renew the general mandate, which will lapse at the conclusion of the Annual General Meeting, empowering the Directors to issue new Shares up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution and as may be enlarged by the issue of the Bonus Shares pursuant to the Bonus Issue during the period up to the conclusion of the next annual general meeting of the Company; or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or the revocation or variation of the said resolution by an ordinary resolution of the Shareholders in general meeting, whichever is the earlier.

The full text of the proposed resolution is set out in ordinary resolution numbered 6 in the AGM Notice.

However, the Directors have no immediate plans to issue any new Shares pursuant to the general mandate even if it is approved by the Shareholders at the Annual General Meeting.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

The Directors would like to seek your approval for an ordinary resolution to be proposed at the Annual General Meeting granting the Directors the Repurchase Mandate to repurchase Shares not more than 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution and as may be enlarged by the issue of the Bonus Shares pursuant to the Bonus Issue. The full text of the proposed resolution is set out in ordinary resolution numbered 7 in the AGM Notice.

In accordance with the requirement of the Listing Rules, an explanatory statement, which contained all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate, is set out in the Appendix to this circular.

ANNUAL GENERAL MEETING

The AGM Notice together with a form of proxy for use at the Annual General Meeting are contained in the Annual Report. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the increase in authorised share capital of the Company, the Bonus Issue, the general mandate to issue new Shares and the Repurchase Mandate.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the principal office 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 Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

RECOMMENDATION

The Directors consider that the proposed increase in authorised share capital of the Company, the Bonus Issue, the general mandate to issue new Shares and the Repurchase Mandate are in the best interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
Ka Sing LAW
Chairman

REPURCHASE MANDATE**1. Share Capital**

As at the Latest Practicable Date, there were in issue an aggregate of 411,446,239 Shares. Subject to the passing of the ordinary resolutions approving the Bonus Issue and Repurchase Mandate and assuming that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 51,430,779 Shares.

The authority conferred on the Directors by the Repurchase Mandate covers purchases made or agreed to be made only during the period ending on the earliest of the date of the next annual general meeting; the date at which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or the date upon which such authority is revoked or varied by an ordinary resolution of Shareholders in general meeting.

2. Reasons for repurchase

The Directors have no present intention to repurchase any Shares but they consider that the Repurchase Mandate will provide the Company with flexibility to make such repurchase when appropriate and beneficial to the Company and the Shareholders. Depending on the market conditions and funding arrangements, such repurchases may enhance the net assets and/or earnings per share of the Company. Shareholders can be assured that repurchase of Shares will only be made when the Directors consider that it will benefit the Company and the Shareholders.

3. Funding of repurchase

Repurchases must be funded out of funds legally available for such purpose in accordance with the Memorandum of Association and Bye-laws of the Company and the laws of Bermuda. Bermuda laws provide that the amount of capital repaid related to a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a fresh issue of shares made for the purpose.

As compared with the position disclosed in the audited consolidated accounts contained in the Annual Report, the Directors consider that the exercise in full of the Repurchase Mandate would have a material adverse impact on the working capital or gearing position of the Company. However, the Directors do not propose to exercise the power to make purchases pursuant to the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or gearing levels.

4. Undertaking

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the laws of Bermuda and the regulations set out in the Memorandum of Association and Bye-laws of the Company.

5. Directors, their associates and connected persons

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any associates of the Directors, have any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

No persons who are connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company nor have undertaken not to sell any of the Shares held by them to the Company, in the event that the Company is authorised to make repurchases of Shares.

6. Effect of the Takeovers Code

If as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Ka Sing LAW, a director of the Company, and Mr. Raymond Ka Kui LAW, persons acting in concert, were altogether interested in approximately 69.51% of the issued share capital of the Company (Mr. Ka Sing LAW and Mr. Raymond Ka Kui LAW were interested in approximately 63.06% and 6.45% of the issued share capital respectively). To the best of the knowledge and belief of the Company, Mr. Ka Sing LAW is the only substantial Shareholder holding more than 10% of the issued share capital of the Company.

In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, the shareholdings of Mr. Ka Sing LAW and Mr. Raymond Ka Kui LAW in the Company would altogether be increased to approximately 77.23% of the issued share capital of the Company (the interests of Mr. Ka Sing LAW and Mr. Raymond Ka Kui LAW would be increased to approximately 70.06% and 7.17% respectively), assuming that the Bonus Issue is approved by the Shareholders and no further Shares are issued pursuant to the general mandate to issue new Shares. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Accordingly, the Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchase to be made under the Repurchase Mandate. However, such an increase would mean that the aggregate amount of the share capital of the Company in the hands of the public would be reduced to less than 25%. The Directors would not exercise the power to repurchase Shares to such an extent.

7. Share repurchases made by the Company

During each of the six months preceding the date of this circular, no Shares have been repurchased by the Company.

8. Share prices

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest prices at which the Shares have traded on the Stock Exchange were as follows:

Month	Highest (HK\$)	Lowest (HK\$)
<i>2001</i>		
July	0.8270	0.6530
August	0.6800	0.6200
September	0.6200	0.5530
October	0.5670	0.5000
November	0.5670	0.4670
December	0.5730	0.4770
<i>2002</i>		
January	0.5130	0.4570
February	0.4850	0.4570
March	0.6500	0.4650
April	0.7500	0.5800
May	0.8300	0.6700
June	0.7600	0.5400