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bossini

BOSSINI INTERNATIONAL HOLDINGS LIMITED

堡獅龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 592)

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**
- (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE**
- (3) PROPOSED AMENDMENTS TO THE BYE-LAWS**

Underwriter of the Rights Issue



First Shanghai Securities Limited

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to seek Shareholders' approval by way of an ordinary resolution to increase the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 shares of HK\$0.1 each to HK\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.1 each by the creation of additional 7,000,000,000 new shares of HK\$0.1 each.

* For identification purposes only

PROPOSED RIGHTS ISSUE

The Board proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.37 per Rights Share, to raise up to (i) approximately HK\$465 million before expenses by way of issuing up to 1,257,784,545 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) approximately HK\$457 million before expenses by way of issuing up to 1,235,179,045 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date). The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be (i) approximately HK\$460 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) approximately HK\$452 million (assuming no change in the number of Shares in issue on or before the Record Date).

The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted one (1) Rights Share in nil-paid form for every two (2) existing Shares held on the Record Date.

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

UNDERWRITING AGREEMENT

On 24 February 2023 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a best-effort and non-fully underwritten basis, up to 560,993,484 Rights Shares (assuming no change in the number of Shares in use on or before the Record Date other than full exercise of the Vested Share Option) or up to 538,387,984 Rights Shares (assuming no change in the number of Shares in use on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular, the fulfilment of the conditions precedent contained therein. Details of the underwriting arrangement are set out in the section headed “The Underwriting Agreement” in this announcement.

The Rights Issue is only underwritten on a best-effort and non-fully underwritten basis. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or waiver of the conditions precedent of the Rights Issue and the Underwriting Agreement, the Rights Issue shall proceed regardless of the ultimate subscription level, and up to 1,257,784,545 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than full exercise of the Vested Share Options) are available to be subscribed subject, however, to any Scaling-down.

In the event the Rights Issue is under-subscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by the Underwriter or subscribers procured by it pursuant to the Underwriting Agreement will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates), the Rights Issue is not subject to the Shareholders’ approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

PROPOSED AMENDMENTS TO THE BYE-LAWS

The Board also announces that, in view of the latest changes to Appendix 3 of the Listing Rules, the Board proposes to seek Shareholders’ approval by way of a special resolution to amend the Bye-Laws.

GENERAL

The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Increase in Authorised Share Capital and the amendments to the Bye-Laws. A circular containing, among other things, (i) further details of the Increase in Authorised Share Capital; (ii) amendments to the Bye-Laws; and (iii) a notice convening the SGM is expected to be despatched to the Shareholders on or before Friday, 3 March 2023.

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

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this announcement). Accordingly, the proposed Rights Issue may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to seek approval from the Shareholders by way of an ordinary resolution to increase the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 shares of HK\$0.1 each to HK\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.1 each by the creation of additional 7,000,000,000 new Shares.

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 3,000,000,000 Shares, of which 2,470,358,091 Shares are in issue and 529,641,909 Shares are authorised but unissued, and the Company has 92,833,417 outstanding Share Options granted under the Share Option Scheme.

In order to accommodate growth of the Group and to provide the Company with greater flexibility to raise funds by the Rights Issue, the Board proposed the Increase in Authorised Share Capital. The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Board proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.37 per Rights Share, to raise up to (i) approximately HK\$465 million before expenses by way of issuing up to 1,257,784,545 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) approximately HK\$457 million before expenses by way of issuing up to 1,235,179,045 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date). The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be (i) approximately HK\$460 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) approximately HK\$452 million (assuming no change in the number of Shares in issue on or before the Record Date).

The terms of the Rights Issue are set out below:

Basis of the Rights Issue	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	HK\$0.37 per Rights Share
Number of existing Shares in issue as at the date of this announcement	2,470,358,091 Shares
Number of Rights Shares	(i) Up to 1,257,784,545 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) Up to 1,235,179,045 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Rights Shares underwritten by the Underwriter	(i) Up to 560,993,484 Rights Shares on a best-effort and non-fully underwritten basis (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) Up to 538,387,984 Rights Shares on a best-effort and non-fully underwritten basis (assuming no change in the number of Shares in issue on or before the Record Date)

Aggregate nominal value of the Rights Shares	<ul style="list-style-type: none"> (i) Up to approximately HK\$125,778,454.5 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) Up to approximately HK\$123,517,904.5 (assuming no change in the number of Shares in issue on or before the Record Date)
Amount to be raised before expenses	<ul style="list-style-type: none"> (i) Up to approximately HK\$465 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) Up to approximately HK\$457 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Shares in issue as enlarged by the Rights Shares upon completion of the Rights Issue	<ul style="list-style-type: none"> (i) Up to 3,773,353,636 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) Up to 3,705,537,136 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Rights of excess application	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

As at the date of this announcement, apart from the 92,833,417 Share Options granted to the Directors and certain employees of the Group to subscribe for an aggregate of 92,833,417 Shares under the Share Option Scheme, the Company has no other outstanding derivatives, convertible securities, options, warrants or other similar securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares (other than pursuant to the exercise of the Vested Share Options), convertible securities and/or options on or before the Record Date.

Assuming no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue and assuming all Rights Shares will be taken up, the aggregate number of 1,235,179,045 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represents 50% of the Company's entire issued share capital as at the date of this announcement and will represent approximately 33% of the Company's entire issued share capital as enlarged by the issue of the Rights Shares immediately after completion of the Rights Issue.

Assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding Vested Share Options and no other new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue and assuming all Rights Shares will be taken up, the aggregate number of 1,257,784,545 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represents 51% of the Company's entire issued share capital as at the date of this announcement and will represent approximately 33% of the Company's entire issued share capital as enlarged by the issue of the Rights Shares immediately after completion of the Rights Issue.

The Rights Issue is only underwritten on a best-effort and non-fully underwritten basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or waiver of the conditions precedent of the Rights Issue and the Underwriting Agreement, the Rights Issue shall proceed regardless of the ultimate subscription level, and up to 1,257,784,545 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options) are available to be subscribed subject, however, to any Scaling-down.

In the event that the Rights Issue is under-subscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by the Underwriter or subscribers procured by it pursuant to the Underwriting Agreement will not be issued, and hence, the size of the Rights Issue will be reduced accordingly.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder's name must appear on the Register of Members on the Record Date, which is currently expected to be Friday, 31 March 2023 and such Shareholder must not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the branch share registrar of the Company in Hong Kong for registration by 4:30 p.m. on the Last Day for Transfer. The Register of Members will be closed from Monday, 27 March 2023 to Friday, 31 March 2023, both days inclusive.

The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The last day of dealings in the Shares on a cum-rights basis is Wednesday, 22 March 2023. The Shares will be dealt with on an ex-rights basis from Thursday, 23 March 2023.

The Latest Time for Acceptance is expected to be 4:00 p.m. on the Final Acceptance Date.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company may be diluted.

The Company expects to send the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL or EAF to them. A copy of the Prospectus will also be made available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (<https://corp.bossini.com/investor-relations/>).

Closure of Register of Members

For the purpose of determining entitlements to the Rights Issue, the Register of Members will be closed from Monday, 27 March 2023 to Friday, 31 March 2023, both days inclusive. No transfer of Shares will be registered during this period.

Non-Qualifying Shareholders

The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation or equivalent legislation of any jurisdictions other than Hong Kong.

The Company is in the process of making enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. The Company notes the requirements specified in Rule 13.36(2)(a) of the Listing Rules and will only exclude from the Rights Issue the Overseas Shareholders whom the Directors, after making enquiries, consider it necessary or expedient to exclude on account of either the legal restrictions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus. The Company will not offer the Rights Shares to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be sent to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send any PAL or EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying 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 and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a net sum not less than HK\$100 after deducting all relevant expenses. In view of administrative costs, the Company will retain the remaining balance of the sale proceeds after the said distribution for its own benefit. Any unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders (if any) would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue pursuant to Rule 13.36(2)(a) of the Listing Rules subject to the results of the enquiries made by the Board. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Subscription Price

The Subscription Price of HK\$0.37 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 21.28% to the Last Closing Price;
- (ii) a discount of approximately 25.55% to the average closing price of approximately HK\$0.497 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days ending on and including the Last Trading Day;

- (iii) a discount of approximately 27.88% to the average closing price of approximately HK\$0.513 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days ending on and including the Last Trading Day;
- (iv) a discount of approximately 3.19% to the theoretical ex-right price of approximately HK\$0.455 based on the Last Closing Price;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 8.45%, represented by the theoretical diluted price of approximately HK\$0.455 per Share to the benchmarked price of approximately HK\$0.497 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the Last Closing Price and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement); and
- (vi) a premium of approximately 236% to the unaudited consolidated net asset value attributable to the Shareholder per Share as at 30 June 2022 of approximately HK\$0.11 (based on the latest published net asset value attributable to the Shareholders as at 30 June 2022 of approximately HK\$281,325,000 as disclosed in the interim report of the Company for the six months ended 30 June 2022 and 2,470,358,091 Shares in issue as at this announcement).

The Subscription Price was set at a discount to the recent closing prices of the Shares aiming at lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising dilution impact. The terms of the Rights Issue, including the Subscription Price and the subscription ratio, were determined by the Directors with reference to (i) the market price of the Shares prior to and including the Last Trading Day; (ii) the prevailing market conditions; (iii) the latest business performance and financial position of the Group; and (iv) the funding and capital needs of the Company.

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of Provisional Allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Rights Issue Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited on or before the Latest Time for Acceptance.

Fractional Entitlements to the Rights Shares

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the dealings in nil-paid Rights Shares end, for the benefit of the Company if a premium in excess of all expenses of sale can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

Odd lot trading arrangement

Upon completion of the Rights Issue, the board lots of the Company will remain as 2,000 Shares.

In order to alleviate difficulties in relation to the existence of odd lots of the Shares arising from the Rights Issue, the Company has appointed Computershare Hong Kong Investor Services Limited as an agent to provide matching services on a best-effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Tuesday, 2 May 2023 to 4:00 p.m. on Friday, 12 May 2023, both dates inclusive. Holders of the Shares in odd lot represented by the existing share certificate for the Shares who wish to take advantage of this facility to either dispose of their odd lots of the Shares or top up their odd lots to a full new board lot may directly or through their brokers contact Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (telephone number: (852)2862 8555) during office hours (i.e. 9:00 a.m. to 4:30 p.m.) within such period. Holders of the Shares who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of Computershare Hong Kong Investor Services Limited set out above.

Computershare Hong Kong Investor Services Limited is an Independent Third Party. Holders of Shares in odd lots should note that the matching services mentioned above are on a "best-effort" basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

Scale-down mechanisms

Pursuant to the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriter on a best-effort and non-fully underwritten basis, and so as to avoid the unwitting triggering of the MGO Obligation and/or any non-compliance with the Public Float Requirement, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, or by subscribers procured by the Underwriter will be made on the basis that the applications are to be scaled-down by the Company to a level which (i) does not trigger any MGO Obligation on the part of the applicant or parties acting in concert with him/her/it; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under PAL(s) or EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation or non-compliance of the Public Float Requirement. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (i) EAF(s) should be scaled down before PAL(s); and (ii) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual Shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro-rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Application for Excess Rights Shares

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholder(s) (if any);
- (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares;

(iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares;

(iv) the Scale-down PAL Shares (if any); and

(v) the Scale-down EAF Shares (if any).

(i) to (v) are collectively referred to as “**Untaken Rights**”.

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will, subject to the compliance with the Listing Rules (including but not limited to the Public Float Requirement), allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

(i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;

(ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;

(iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and

(iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees.

The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will, subject to the compliance with the Listing Rules (including but not limited to the Public Float Requirement), allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) whose name appears on the Register of Members (the “**Registered Nominee**”) as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Beneficial owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

Investors whose Shares are held by a Registered Nominee and who would like to have their names registered on the Register of Members, must lodge all necessary documents with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for completion of the relevant registration by 4:30 p.m. on the Last Day for Transfer. The Register of Members will be closed from Monday, 27 March 2023 to Friday, 31 March 2023, both dates inclusive.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited on or before the Latest Time for Acceptance.

Share Certificates and Refund Cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on Friday, 28 April 2023. Each Shareholder will receive one share certificate for all allotted Rights Shares. If the Rights Issue is terminated, refund cheques will be posted by ordinary post to the relevant Shareholders, at their own risk, on Friday, 28 April 2023. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants by ordinary post at their own risk on Friday, 28 April 2023.

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 nil-paid and fully-paid forms. No part of the securities of the Company is listed, or dealt in, or for which listing or permission to deal is being or is proposed to be sought, on any other stock exchange. Nil-paid Rights Shares are expected to be traded in board lots of 2,000 (as the Shares are currently traded on the Stock Exchange in board lots of 2,000).

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil- paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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 settlement day after the date of the transaction. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, the SFC transaction levy and other applicable fees and charges in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the passing of necessary resolution(s) at the SGM to approve the Increase in Authorised Share Capital by the Shareholders;
- (b) the Increase in Authorised Share Capital of the Company having become effective;
- (c) delivery being made to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Rights Issue Documents in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (d) posting of the Rights Issue Documents to the Qualifying Shareholders and posting of Prospectus for information only to the Non-Qualifying Shareholders on or before the Posting Date;
- (e) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms;
- (f) the Underwriting Agreement not being terminated in accordance with the terms thereof on or before the Latest Time for Termination; and

- (g) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remain true and accurate in all material respects.

The Company shall on a best-effort basis procure the fulfillment or waiver (as the case may be) of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree.

The Underwriter may at any time by notice in writing to the Company waive the condition precedent set out in (g) above. Save and except the condition precedent set out in (g) above, the other conditions precedent are incapable of being waived. If the conditions precedent are not satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate.

Undertakings

The Company has not received, as at the date of this announcement, any information or irrevocable undertaking from any substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

THE UNDERWRITING AGREEMENT

On 24 February 2023 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has agreed to procure, on a best-effort and non-fully underwritten basis, the subscription for any unsubscribed Rights Shares subject to the terms and conditions set out in the Underwriting Agreement. The principal terms of the Underwriting Agreement are summarized below:

Date: 24 February 2023 (after trading hours of the Stock Exchange)

Underwriter: First Shanghai Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1) of the Listing Rules.

Number of Rights Shares underwritten by the Underwriter:	Up to 538,387,984 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) or up to 560,993,484 Rights Shares (assuming no change in the number of the Shares other than full exercise of the outstanding Vested Share Options on or before the Record Date)
Underwriting Commission:	1.5% of the aggregate subscription price in respect of the actual subscription number of Underwritten Shares subscribed or procured to be subscribed by the Underwriter pursuant to the terms of the Underwriting Agreement or HK\$1,000,000, whichever is higher

The Rights Issue is underwritten by the Underwriter on a best-effort and non-fully underwritten basis pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter shall use its best endeavours to ensure that (i) each subscriber of the Untaken Shares procured by it shall be an Independent Third Party, (ii) none of the subscribers of the Untaken Shares procured by it shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue or otherwise being a core connected person of the Company; (iii) no subscriber of the Untaken Shares procured by it, together with any party acting in concert with it, will hold 30% (or such percentage which will trigger any MGO Obligation under the Takeovers Code) or more of the voting rights of the Company; and (iv) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial condition of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) is fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interests in the transactions contemplated under the Underwriting Agreement.

Subject to the fulfilment (or any waiver, as the case may be, by the Underwriter) of all the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe or procure the subscription, on a best-effort basis and non-fully underwritten basis, for the Underwritten Shares that are not otherwise taken up.

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the paragraph headed “Conditions of Rights Issue” under the section headed “Proposed Rights Issue” above.

Termination of the Underwriting Agreement

If, at any time prior to the Latest Time for Termination there occurs, in the reasonable opinion of the Underwriter:

- (a) any of the following which will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
 - (ii) the occurrence, happening, coming into effect or becoming public knowledge of (1) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company’s securities on the Stock Exchange for more than ten consecutive Business Days (other than pending publication of this announcement or any other document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or
- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or

- (c) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, military conflict, strike or lock-out which in the reasonable opinion of the Underwriter materially or adversely affects the business or financial or trading position or prospects of the Group as a whole; or
- (d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing,

the Underwriter shall be entitled by notice in writing issued by the Underwriter to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If, at or prior to the Latest Time for Termination:

- (a) the Company commits any material breach of or omits to materially observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement, where, in the reasonable opinion of the Underwriter, such breach or omission will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (b) the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement was, when given, untrue or inaccurate or incomplete or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable discretion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (c) the Company's application to the Listing Committee of the Stock Exchange for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange; or

- (d) any condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused; or
- (e) any statement contained in the Announcement or any Rights Issue Document has been shown to be untrue or inaccurate in any material respect or misleading with reference to the date on which such statement was made;
- (f) the Company shall, after any Specified Event has occurred or come to the Underwriter's attention, fail to send out promptly any announcement or circular (after the despatch of the Rights Issue Documents) in accordance with applicable requirements under the Listing Rules and/or applicable laws for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not bound) by notice in writing issued by it to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement and rescind the Underwriting Agreement. Any such notice shall only be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice referred to above, all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made if the Underwriting Agreement is terminated by the Underwriter.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purpose only, set out below is the shareholding structure of the Company as at the date of this announcement to immediately after completion of the Rights Issue assuming (i) no exercise of the outstanding Vested Share Options on or before the Record Date; and (ii) the exercise of all the outstanding Vested Share Options in full on or before the Record Date:

- (i) assuming no exercise of the outstanding Vested Share Options on or before the Record Date

	Immediately after completion of the Rights Issue					
	As at the date of this announcement		assuming full acceptance by the Qualifying Shareholders		Assuming no acceptance by the Qualifying Shareholders and all Untaken Shares are taken by the Underwriter or subscribers procured by the Underwriter	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Controlling Shareholder						
Dragon Leap <i>(Note 1)</i>	1,393,582,122	56.41	2,090,373,183	56.41	1,393,582,122	46.32
Directors/Chief Executive						
Mr. Cheung Chi	-	-	-	-	-	-
Mr. Zhao Jianguo	-	-	-	-	-	-
Mr. Victor Herrero	-	-	-	-	-	-
Mr. Bosco Law <i>(Note 2)</i>	348,395,530	14.10	522,593,295	14.10	348,395,530	11.58
Mr. Lee Kwok Ming	-	-	-	-	-	-
Prof. Sin Yat Ming	-	-	-	-	-	-
Mr. Cheong Shin Keong	-	-	-	-	-	-
Mr. Chang Min Huei	-	-	-	-	-	-
Public Shareholders	728,380,439	29.49	1,092,570,658	29.49	728,380,439	24.21 <i>(Note 3)</i>
Underwriters and/or subscribers procured by it	-	-	-	-	538,387,984	17.89
TOTAL	2,470,358,091	100.00	3,705,537,136	100.00	3,008,746,075	100.00

- (ii) assuming the exercise of the outstanding Vested Share Options in full on or before the Record Date

	Immediately after completion of the Rights Issue					
	As at the date of this announcement		assuming full acceptance by the Qualifying Shareholders		Assuming no acceptance by the Qualifying Shareholders and all Untaken Shares are taken by the Underwriter or subscribers procured by the Underwriter	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Controlling Shareholder						
Dragon Leap (<i>Note 1</i>)	1,393,582,122	56.41	2,090,373,183	55.40	1,393,582,122	45.30
Directors/Chief Executive						
Mr. Cheung Chi	–	–	13,140,000	0.35	8,760,000	0.28
Mr. Zhao Jianguo	–	–	6,054,000	0.16	4,036,000	0.13
Mr. Victor Herrero	–	–	5,043,000	0.13	3,362,000	0.12
Mr. Bosco Law (<i>Note 2</i>)	348,395,530	14.10	525,617,295	13.93	350,411,530	11.39
Mr. Lee Kwok Ming	–	–	804,000	0.02	536,000	0.02
Prof. Sin Yat Ming	–	–	402,000	0.01	268,000	0.01
Mr. Cheong Shin Keong	–	–	402,000	0.01	268,000	0.01
Mr. Chang Min Huei	–	–	7,500,000	0.20	5,000,000	0.16
Public Shareholders	728,380,439	29.49	1,124,018,158	29.79	749,345,439	24.35
Underwriters and/or subscribers procured by it	–	–	–	–	560,993,484	18.23 (<i>Note 3</i>)
TOTAL	2,470,358,091	100.00	3,773,353,636	100.00	3,076,562,575	100.00

Note:

- As at the date of this announcement, Dragon Leap (an indirect wholly-owned subsidiary of Viva China) holds 1,393,582,122 Shares.
- As at the date of this announcement, Keystar (a company wholly-owned by Mr. Bosco Law) holds 348,395,530 Shares.
- Under the Underwriting Agreement, none of the subscribers of the Underwritten Shares shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue or otherwise being a core connected person of the Company. The level of applications will be scale-down by the Company to a level which will not trigger a MGO Obligation on the part of the applicant or parties acting in concert with it and/or will not result in non-compliance with the Public Float Requirement on the part of the Company.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As at the date of this announcement, the Company has 92,833,417 outstanding Share Options under the Share Option Scheme, out of which 45,211,000 are Vested Share Options. Pursuant to the terms of the Share Option Scheme, the exercise prices and/or number of Shares to be issued upon exercise of the Share Options may be adjusted in accordance with the terms and conditions of the Share Option Scheme as a result of the Rights Issue. The Company will notify the holders of the Share Options the adjustments, if any, in compliance with the said terms and conditions and make further announcement in respect thereof as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the Increase in Authorised Share Capital and the Rights Issue is set out below:

2023

- Expected despatch date of circular with notice and form of proxy for the SGM Friday, 3 March
- Latest time for lodging transfers of the Shares to qualify for attendance and voting at the SGM 4:30 p.m. Wednesday, 15 March
- Closure of Register of Members for attending the SGM Thursday, 16 March to Tuesday, 21 March (both days inclusive)
- Latest time for lodging forms of proxy for the purpose of the SGM 12:30 p.m. Sunday, 19 March
- Record date for determining attendance and voting at the SGM Tuesday, 21 March
- Expected date and time of the SGM 12:30 p.m. Tuesday, 21 March
- Announcement of poll results of the SGM Tuesday, 21 March
- Last day of dealings in the Shares on a cum-rights basis Wednesday, 22 March
- Commencement of dealings in the Shares on an ex-rights basis Thursday, 23 March

Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue.	4:30 p.m. Friday, 24 March
Register of Members closes for determining entitlements under the Rights Issue	Monday, 27 March to Friday, 31 March (both days inclusive)
Record Date for determining entitlements under the Rights Issue	Friday, 31 March
Register of Members re-opens.	Monday, 3 April
Despatch of (i) Rights Issue Documents to Qualifying Shareholders; and (ii) the Prospectus with the Overseas Letter to Non-Qualifying Shareholders (if any).	Monday, 3 April
First day of dealings in nil-paid Rights Shares	9:00 a.m. Thursday, 6 April
Latest time for splitting PALs	4:30 p.m. Wednesday, 12 April
Last day of dealings in nil-paid Rights Shares	Monday, 17 April
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. Thursday, 20 April
Latest time for Termination of the Underwriting Agreement and date for the Rights Issue to become unconditional	5:00 p.m. Friday, 21 April
Announcement of results of the Rights Issue to be published in the respective websites of the Stock Exchange and the Company on	Thursday, 27 April
Refund cheques (i) in respect of wholly or partially unsuccessful applications for excess Rights Shares; or (ii) in case the Rights Issue is terminated, to be posted on	Friday, 28 April
Certificates for the Rights Shares expected to be despatched on	Friday, 28 April
Dealings in fully-paid Rights Shares commence	9:00 a.m. Tuesday, 2 May

Note: All times and dates in this announcement refer to Hong Kong times and dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to Shareholders and the Stock Exchange appropriately.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by a super typhoon or a “black” rainstorm warning issued by the Hong Kong Observatory:

- (1) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the currently scheduled date for the Final Acceptance Date, the dates mentioned in “Expected Timetable” in this announcement may be affected. The Company will notify the Shareholders by way of announcement of any change to the expected timetable as soon as practicable in this regard.

REASONS FOR THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

The estimated expenses in relation to the Rights Issue, including financial, legal and other professional expenses, of approximately HK\$5.1 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options) or HK\$4.99 million (assuming no change in the number of Shares in issue on or before the Record Date), will be borne by the Company. The estimated net proceeds of the Rights Issue after the deduction of all estimated expenses will be (i) approximately HK\$460 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options); or (ii) approximately HK\$452 million (assuming no change in the number of Shares in issue on or before the Record Date).

The Directors currently intend to use (i) 10% of the net proceeds for its capital expenditure for its expansion in the People's Republic of China; (ii) 20% of the net proceeds for marketing activities to reinvent and promote the "bossini.X" brand; and (iii) 70% of the net proceeds for other expenses of the Group including but not limited to inventory purchase, rental expenses, salary and remuneration expenses, settlement of any liabilities or indebtedness of the Group incurred for its operations and other general and administrative expenses.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.**

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Save for the Rights Issue, the Company has not engaged in any equity fund raising activities or any rights issue exercise during the past 12 months immediately before the date of this announcement.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

INFORMATION ON THE GROUP

As at the date of this announcement, the Group principally engages in the retail, distribution and wholesaling of garments.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

PROPOSED AMENDMENTS OF THE BYE-LAWS

The Board also announces that it has resolved to propose certain amendments to the Bye-Laws to reflect the latest changes to Appendix 3 to the Listing Rules. The proposed amendments to the Bye-Laws are subject to the approval of the Shareholders by way of a special resolutions at the SGM.

The major proposed amendments are summarized below:

- (i) to provide that the branch register of the Company shall be open for inspection;
- (ii) to update the notice required for close of register of the Company;
- (iii) to clarify that annual general meeting shall be held in each financial year;
- (iv) to clarify the notice period for annual general meeting and other general meetings;
- (v) to provide that all eligible Shareholders shall have the right to attend and speak at a general meeting;
- (vi) to provide that the minority Shareholders holding not less than one-tenth of the voting rights to be able to convene a special general meeting;
- (vii) to clarify the number of Directors to be retired at each annual general meeting;
- (viii) to clarify that any person appointed by the Directors to fill a casual vacancy on or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment, and shall then be eligible for re-election;
- (ix) to provide that auditors of the Company may be removed by extraordinary resolutions; and
- (x) any other consequential and housekeeping changes.

GENERAL

The SGM will be convened for the Shareholders to consider and, if thought fit, approve (i) the Increase in Authorised Share Capital; and (ii) the amendments to the Bye-Laws. A circular containing, among other things, (i) further details of the Increase in Authorised Share Capital; (ii) further details to the amendments to the Bye-Laws; and (iii) a notice convening the SGM is expected to be despatched to the Shareholders on or before Friday, 3 March 2023.

Subject to obtaining the Shareholders' approval of the Increase in Authorised Share Capital at the SGM and the Increase in Authorised Share Capital having become effective, the Company expects to despatch the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date and the Prospectus for information only to the Non-Qualifying Shareholders (if any).

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

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" above). Accordingly, the proposed Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 23 March 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 6 April 2023 to Monday, 17 April 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Any party who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the date on which all the conditions to which the proposed Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the proposed Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	for the purpose of the Underwriting Agreement, a day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the “extreme conditions” is announced in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“Bye-Laws”	the bye-laws of the Company as amended from time to time
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 (as amended) of Bermuda, as amended from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Bossini International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 592)

“connected persons”	shall have the meaning as ascribed to it under the Listing Rules
“Controlling Shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dragon Leap”	Dragon Leap Consumables Limited, the holder of 1,393,582,122 Shares, representing approximately 56.41% of the entire issued share capital of the Company and a Controlling Shareholder as at the date of this announcement
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Final Acceptance Date”	the last date for acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares, which is currently scheduled to be on Thursday, 20 April 2023 or such other date as may be agreed between the Company and the Underwriter
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	an increase in the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares by creating an additional 7,000,000,000 unissued Shares
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates

“Keystar”	Keystar Limited, a company wholly-owned by Mr. Bosco Law
“Last Closing Price”	the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day
“Last Day for Transfer”	Friday, 24 March 2023, being the last date for lodging transfer of Shares prior to the closure of Register of Members in order to qualify for the Rights Issue
“Last Trading Day”	Friday, 24 February 2023, being the last full trading day for the Shares before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on 20 April 2023 or such other date and time as may be agreed between the Company and the Underwriter, being the latest time for application for, and payment for, acceptance and payment in respect of provisional allotment under the Rights Issue and for application and payment for excess Rights Shares under the Rights Issue
“Latest Time for Termination”	5:00 p.m. on 21 April 2023, being the first Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Mr. Bosco Law”	Mr. LAW Ching Kit, Bosco, a non-executive Director
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body of stock exchange of the relevant places, consider it necessary or expedient to exclude them from the Rights Issue (if any)

“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the Register of Members as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“Posting Date”	Monday, 3 April 2023 or such other date as the Underwriter and the Company may agree for the despatch of the Rights Issue Documents to the Qualifying Shareholders or the Prospectus for information only to the Non-Qualifying Shareholders (if any), as the case may be
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the Register of Members on the Record Date
“Record Date”	Friday, 31 March 2023, or such other date as may be agreed by the Company and the Underwriter for the determination of entitlements under the Rights Issue
“Register of Members”	the principal or branch register of members of the Company maintained in Bermuda or Hong Kong respectively
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Rights Issue Documents
“Rights Issue Documents”	the Prospectus, PAL and EAF

“Rights Share(s)”	up to 1,257,784,545 new Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options) or up to 1,235,179,045 new Shares (assuming no change in the number of Shares on or before the Record Date), to be allotted and issued in respect of the Rights Issue
“Scale-down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of nil-paid Rights Shares shall be subject to, to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation or non-compliance with the Public Float Requirement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at 12:30 noon on Tuesday, 21 March 2023, in which resolutions will be proposed to consider, and, if thought fit, to approve the Increase in Authorised Share Capital and the amendments to the Bye-Laws
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	Registered holder(s) of the Shares
“Share Option(s)”	the share option(s) of the Company granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 12 November 2013
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or inaccurate in any material respect and which has a material adverse effect in the context of the Rights Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.37 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	First Shanghai Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 24 February 2023 entered into between the Company and the Underwriter in relation to the underwriting arrangement of the Rights Issue
“Underwritten Shares”	up to 560,993,484 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options) or up to 538,387,984 Rights Shares (assuming no change in the number of Shares on or before the Record Date)

“Untaken Shares”	such number of Rights Shares (if any) in respect of which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid or otherwise rejected on or before the Latest Time for Acceptance, including any Rights Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Rights Issue if they were to be Qualifying Shareholders, together with the Scale-down PAL Shares and the Scale-down EAF Shares not being applied (whether validly or otherwise) and/or fully paid for under the EAFs, and unsold aggregation of fractions of Rights Shares
“Vested Share Options”	the Share Options that are validly vested to and exercisable by the holders thereof to enable them to subscribe for Shares to be allotted and issued to them before the Record Date
“Viva China”	Viva China Holdings Limited, the listed shares of which are listed on the GEM of the Stock Exchange (stock code: 8032)
“%”	per cent

By order of the Board of
Bossini International Holdings Limited
Mr. Victor HERRERO
Chairman and Non-executive Director

Hong Kong, 24 February 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. CHEUNG Chi (Co-Chief Executive Officer) and Mr. ZHAO Jianguo, two non-executive Directors, namely Mr. Victor HERRERO (Chairman) and Mr. LAW Ching Kit Bosco, and three independent non-executive Directors, namely Mr. LEE Kwok Ming, Prof. SIN Yat Ming and Mr. CHEONG Shin Keong.

This announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at <https://corp.bossini.com/investor-relations/>.