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Boshiwa

BOSHIWA INTERNATIONAL HOLDING LIMITED

博士蛙國際控股有限公司

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1698)

ANNOUNCEMENT QUARTERLY UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

This announcement is made by Boshiwa International Holding Limited (Provisional Liquidators Appointed) (the “**Company**”) pursuant to Rule 13.09(2) and Rule 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 7 March 2016, 8 April 2016, 9 May 2016, 24 June 2016, 2 August 2016, 26 August 2016, 31 October 2016, 30 November 2016, 9 December 2016, 22 February 2017, 24 April 2017, 2 June 2017, 7 August 2017, 31 October 2017, 12 January 2018, 28 February 2018, 27 April 2018, 29 May 2018, 29 June 2018 and 1 August 2018 in relation to, among others, the update on suspension of trading of the Shares (the “**Announcements**”). Unless otherwise stated, capitalised terms used in this announcement shall bear the same meanings as defined in the Announcements.

BUSINESS OPERATIONS

The Group continues to undertake its business in development and retailing of children’s products through its self-managed retail outlets, retail outlets operated by authorised dealers, wholesale distributors and online sales stores. The Group continues to sell its own branded products and other children’s products sourced by it through its self-managed retail outlets as well as retail outlets operated by its authorised dealers. Such retail store network included both physical stores and online stores. The Group has also sold its products to distributors for distribution in various provinces in the People’s Republic of China. In light of the change in the retail market that online shopping has become more and more popular than offline shopping, the Group has strived to expand both its online and offline business

segment. Upon receiving the Facility provided by the Investor, the Group has expanded its sales through retail outlets operated by its authorised dealers to speed up the expansion of its customer base so as to achieve economies of scale, while at the same time, expanded the number of its self-managed retail shops.

LISTING STATUS OF THE COMPANY AND RESUMPTION CONDITIONS

On 10 February 2017, the Listing Department of the Stock Exchange issued a letter to inform the Company that they have decided to place the Company in the third delisting stage under Practice Note 17 to the Listing Rules and required the Company to submit a viable resumption proposal at least 10 business days before the third delisting stage expires (i.e. 4 August 2017).

In such letter, it stated that the Company must fulfill the following resumption conditions:

- (i) address the matters raised in the resignation letter of the resigned auditors of the Company, dated 13 March 2012 as extracted and disclosed in the announcement of the Company dated 15 March 2012;
- (ii) demonstrate that there is no regulatory concern about management integrity, which will pose a risk to investors and damage market confidence;
- (iii) publish all outstanding financial results and address any audit qualifications; and
- (iv) demonstrate that it has put in place adequate financial reporting procedures and internal control systems to meet obligations under the Listing Rules.

The Stock Exchange may modify any of the above and/or impose further resumption conditions if necessary.

UPDATE ON IMPLEMENTATION OF THE RESUMPTION PROPOSAL AND SATISFYING THE RESUMPTION CONDITIONS

As mentioned in the announcement of the Company dated 7 August 2017, the Company has submitted a resumption proposal to the Stock Exchange on 3 August 2017. During the period from 3 August 2017 (date of submission of Resumption Proposal) up to the date of this announcement, the Company had submitted further information to supplement the Resumption Proposal to the Stock Exchange. As at the date of this announcement, the Company has yet to fulfill all resumption conditions and the Resumption Proposal is still pending approval by the Stock Exchange.

The Company has published the announcements for (i) the interim results for the six months ended 30 June 2012, 2013, 2014, 2015, 2016 and 2017 on 17 November 2017; (ii) the annual results for the years ended 31 December 2011, 2012, 2013, 2014, 2015 and 2016 on 17 November 2017; (iii) the annual results for the year ended 31 December 2017 on 29 March 2018; and (iv) the interim results for the six months ended 30 June 2018 on 31 August 2018.

It was further disclosed that in relation to the Resumption Proposal, the Company has also entered into certain agreements (including a subscription agreement for the proposed subscription of shares by the Potential Investor and an underwriting agreement for a proposed issue of new shares by way of an open

offer to shareholders of the Company) in relation to its business development, debt restructuring and scheme of arrangement.

On 3 August 2017, the Potential Investor and the Company entered into an underwriting agreement in connection with the restructuring. The proposed open offer will issue not less than 103,750,000 offer shares (“**Offer Share(s)**”) to the Shareholders at the proposed offer price of HK\$0.269 per Offer Share to be allotted and issued under the open offer on the basis of one (1) Offer Share for every two (2) then existing shares held by the qualifying Shareholders on the date which such Shareholders are entitled to the open offer. The gross proceeds will be approximately HK\$28 million and will be underwritten by the Potential Investor.

The open offer is conditional upon fulfillment of other conditions precedent which forms part of the restructuring. Therefore, the open offer may or may not proceed.

On 29 June 2018, the Joint Provisional Liquidators, the Potential Investor and the Company entered into respective supplemental agreements to extend the long stop date of the relevant agreements in connection with the restructuring to 31 December 2018.

The Company will issue an announcement in connection with the restructuring, including the open offer, as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange will remain suspended until further notice.

Further announcement(s) will be made by the Company to update the shareholders of the Company on the development of the Company as and when appropriate pursuant to the requirements of the Listing Rules.

Please note that the above-mentioned resumption proposal submission does not necessarily indicate that trading in the Company’s shares will be resumed. Shareholders and all potential investors of the Company should be aware that the arrangement of the restructuring is subject to further negotiations between the Potential Investor, the Provisional Liquidators and the Company.

For and on behalf of
Boshiwa International Holding Limited
(Provisional Liquidators Appointed)
Stephen Liu Yiu Keung
David Yen Ching Wai
Keiran Hutchison
Joint Provisional Liquidators
who act without personal liabilities

Hong Kong, 1 November 2018

As at the date of this announcement, the executive directors of the Company are Mr. Zhong Zheng Yong, Ms. Chen Li Ping and Mr. Chen Pei Qi.