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BOSSINI INTERNATIONAL HOLDINGS LIMITED

堡獅龍國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 592)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 4 May 2012 in respect of the Existing Purchase Agreement entered into between Bossini Enterprises, a wholly-owned subsidiary of the Company, and Sky Dragon, a wholly-owned subsidiary of Laws International, for the purchase of the Products.

The Existing Purchase Agreement will expire on 30 June 2015. Bossini Enterprises and Laws International entered into the Purchase Agreement on 5 May 2015 to renew the terms of the Existing Purchase Agreement for a period of three years commencing from 1 July 2015 and ending on 30 June 2018.

Bossini Enterprises is a wholly-owned subsidiary of the Company. To the best knowledge of the Company, Laws International is wholly owned by a trustee of a discretionary trust set up by a relative of Mr. Law of which such relative and his family members are eligible discretionary objects of the trust. Mr. Law is a substantial shareholder of the Company and the spouse of Ms. Tsin, an executive Director and the chairman of the Company. Hence, Laws International is a connected person of the Company. Accordingly, transactions between Bossini Enterprises and Laws International will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) of the Purchase Agreement are over 5%, the Purchases will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

* For identification purposes only

A circular containing, amongst others, further information on the Purchase Agreement and the relevant annual cap amounts in relation to the Purchases, the advice of the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the terms of the Purchase Agreement and the relevant annual cap amounts in relation to the Purchases, the recommendation of the independent board committee of the Company in relation to the Purchases and the notice of the Special General Meeting will be despatched to the Shareholders on or before 27 May 2015.

BACKGROUND

Reference is made to the announcement of the Company dated 4 May 2012 in respect of the Existing Purchase Agreement entered into between Bossini Enterprises, a wholly-owned subsidiary of the Company, and Sky Dragon, a wholly-owned subsidiary of Laws International, for the purchase of the Products.

The Existing Purchase Agreement will expire on 30 June 2015. The Board has been monitoring the transactions under the Existing Purchase Agreement. In view of the continuous development and expansion of the Group, and based on the internal forecasts of forthcoming demand and operating conditions, the Board has decided to enter into the Purchase Agreement.

THE PURCHASE AGREEMENT

Date: 5 May 2015

Parties: (1) Bossini Enterprises, as purchaser.
(2) Laws International, as supplier.

Subject: Pursuant to the Purchase Agreement, Bossini Enterprises may purchase the Products from Laws International or from any of its subsidiaries. Bossini Enterprises will provide the design of the Products specifying the type of materials to be used before requesting Laws International to provide quotations for the production of the Products. Laws International will also be responsible for sourcing materials for the production of the Products.

Term: Subject to the approval by the Independent Shareholders at the Special General Meeting, the term of the Purchase Agreement shall commence from 1 July 2015 and expire on 30 June 2018.

Price and Pricing Policy:

The prices for the Products are determined by reference to (i) the prevailing market prices of the raw materials and accessories used in the Products, the labour costs, the order size, the complexity of the design of the Products and prevailing market demand; and (ii) the prevailing market price of similar products and order size taking into consideration of the workmanship and quality of such products, and on similar terms of payment and delivery offered by suppliers, being independent third parties, to the Purchaser.

To ensure that the terms of purchase offered by Laws International are no less favourable to the Group than those available from independent third parties, the Company will obtain quotations of similar products and order size taking into consideration of the workmanship and quality of such products, and on similar payment and delivery terms from at least two suppliers which are independent third parties in order to ascertain the prevailing market price mentioned in (ii) above.

When entering individual contracts as contemplated under the Purchase Agreement with Laws International, the merchandising department of the Company will conduct the independent third party quotations comparison procedure as described in the paragraph above to ensure that the Price and terms of each contract, taken as a whole, offered by Laws International are no less favourable to the Company than those offered by independent third parties. Upon delivery of the Products, the quality control department of the Company will also conduct checks to review and assess whether the Products have been supplied in accordance with the terms of each contract and in accordance with the pricing policy described above.

Condition:

The Purchase Agreement is subject to approval by the Independent Shareholders at the Special General Meeting.

Payment:

Payments for the Purchases will be made on 45-day credit terms after delivery of the Products, unless otherwise specified and agreed in each individual purchase order.

The Directors propose that the annual cap amounts of the Purchases under the Purchase Agreement for each of the three financial years ending 30 June 2018 will not exceed:

- (i) HK\$217,500,000 for the financial year ending 30 June 2016;
- (ii) HK\$261,000,000 for the financial year ending 30 June 2017; and
- (iii) HK\$313,000,000 for the financial year ending 30 June 2018.

The annual cap amounts are determined with reference to (1) the historical transaction amounts of purchases from Sky Dragon; and (2) the anticipated sales volume of the Group for the three financial years ending 30 June 2018 for anticipated increases in demand for the Products as the Group will pursue its strategy of network expansion by increasing the total number of stores operating under its brand after achieving a strong performance as indicated by the growth of its operating profit for the six months ended 31 December 2014 as compared with the same period in 2013.

Transactions contemplated under the Existing Purchase Agreement were disclosed in the circular of the Company dated 24 May 2012 and were approved by the then independent Shareholders at the special general meeting of the Company held on 20 June 2012. The historical transaction amounts between Bossini Enterprises and Sky Dragon for the three financial years ended 30 June 2014 and the nine months ended 31 March 2015 were as follows:

	For the year ended 30 June 2012 Amount HK\$' million	For the year ended 30 June 2013 Amount HK\$' million	For the year ended 30 June 2014 Amount HK\$' million	For the nine months ended 31 March 2015 Amount HK\$' million
Annual Cap	497.0	292.0	385.0	504.0*
Actual purchases	168.3	167.2	152.3	106.1**

* Annual cap for the financial year ending 30 June 2015.

** unaudited figure

REASONS FOR THE PURCHASES

The Group is principally engaged in the retailing and distribution of garments. The Group has been purchasing the Products from Laws International, the holding company of Sky Dragon, since April 2003. Since then, Laws International and its subsidiaries including Sky Dragon have been a reliable supplier of the Products to the Group to meet its business needs. The Directors consider that the transactions with Laws International is in the interest of the Group, as it would be able to provide secure reliable delivery of quality Products to the Group at prices and terms, considered as a whole, not less favourable than that offered by independent third party suppliers.

The Directors (other than the independent non-executive Directors who will from an opinion after considering the recommendation from the independent financial adviser to be appointed by the Company) are of the view that the Purchase Agreement and the Purchases will be entered in the ordinary and usual course of business of the Group and on normal commercial terms (or on terms no less favourable to the Group than terms available from independent third parties) and such terms are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Bossini Enterprises is a wholly-owned subsidiary of the Company. To the best knowledge of the Company, Laws International is wholly owned by a trustee of a discretionary trust set up by a relative of Mr. Law of which such relative and his family members are eligible discretionary objects of the trust. Mr. Law is a substantial shareholder of the Company and the spouse of Ms. Tsin, an executive Director and the chairman of the Company. Hence, Laws International is a connected person of the Company. Accordingly, transactions between Bossini Enterprises and Laws International will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) of the Purchase Agreement are over 5%, the Purchases will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

GENERAL

The Group is principally engaged in the retailing and distribution of garments bearing the Group's designated brand names including "bossini". Laws International and its subsidiaries are principally engaged in the design, manufacture and sale of garment products.

An independent board committee of the Company comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Purchase Agreement and the relevant annual cap amounts in relation to the Purchases and an independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders on the terms of the Purchase Agreement and the relevant annual cap amounts in relation to the Purchases.

The Special General Meeting will be convened at which an ordinary resolution will be proposed to consider and, if thought fit, approve the terms of the Purchase Agreement and the relevant annual cap amounts in relation to the Purchases where Mr. Law and his associates will abstain from voting.

A circular containing, amongst others, further information on the Purchase Agreement and the relevant annual cap amounts in relation to the Purchases, the advice of the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the terms of the Purchase Agreement and the relevant annual cap amounts in relation to the Purchases, the recommendation of the independent board committee of the Company in relation to the Purchases and the notice of the Special General Meeting will be despatched to the Shareholders on or before 27 May 2015.

DEFINITIONS

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

“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bossini Enterprises”	Bossini Enterprises Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company”	Bossini International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Purchase Agreement”	the agreement entered into between Bossini Enterprises and Sky Dragon on 3 May 2012 which sets out the terms for the purchase of the Products from Sky Dragon for the three financial years ending 30 June 2015, the particulars of which are set out in the announcement of the Company dated 4 May 2012
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	the shareholders of the Company other than Mr. Law and his associates
“Laws International”	Laws International Group Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Law”	Mr. Law Ka Sing, the spouse of Ms. Tsin, and a substantial shareholder of the Company who holds approximately 67.49% of the issued share capital of the Company as at the date of this announcement

“Ms. Tsin”	Ms. Tsin Man Kuen Bess, an executive Director and the chairman of the Company
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Products”	garments which including but not limited to garments that bear the Group’s designated brand names including “ bossini ”
“Purchase Agreement”	the purchase agreement entered into between Bossini Enterprises and Laws International on 5 May 2015
“Purchases”	the transactions contemplated under the Purchase Agreement
“Shareholders”	holders of the shares of the Company
“Sky Dragon”	Sky Dragon International Industrial Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Laws International
“Special General Meeting”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the terms of the Purchase Agreement and the relevant annual cap amounts in relation to the Purchases
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“%”	per cent.

By Order of the Board
Bossini International Holdings Limited
TSIN Man Kuen Bess
Chairman

Hong Kong, 5 May 2015

As at the date of this announcement, the Board comprises three Executive Directors, namely Ms. TSIN Man Kuen Bess (Chairman), Mr. MAK Tak Cheong Edmund and Mr. CHAN Cheuk Him Paul and three Independent Non-executive Directors, namely Mr. LEE Man Chun Raymond, Ms. LEUNG Mei Han and Prof. SIN Yat Ming.