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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**

Bossini Enterprises and Laws International entered into the Purchase Agreement on 15 May 2018 to renew the arrangements under the Existing Purchase Agreement for a term of three years commencing from 1 July 2018 and ending on 30 June 2021.

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, the transactions contemplated under the Purchase Agreement 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 0.1% and below 5%, the Purchases will be subject to the reporting, annual review and announcement requirements and exempt from the requirement of Independent Shareholders' approval pursuant to Chapter 14A of the Listing Rules.

### **BACKGROUND**

Reference is made to the announcement of the Company dated 5 May 2015 and the circular of the Company dated 1 June 2015 in respect of the Existing Purchase Agreement for the purchase of the Products.

The Existing Purchase Agreement will expire on 30 June 2018. The Purchase Agreement is being entered into to enable the Group to continue to purchase the Products from Laws International. Brief particulars of the Purchase Agreement are summarized below:

## **THE PURCHASE AGREEMENT**

**Date:** 15 May 2018

**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 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:** the Purchase Agreement has a term of three years from 1 July 2018 to 30 June 2021.

### **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 and complexity of the design of the Products; and (ii) the prevailing market price of similar products taking into consideration the order size and the workmanship and quality of such products, and on payment and delivery terms similar to those offered by independent suppliers to the Group.

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 from at least two independent suppliers for similar products, taking into consideration order size and workmanship and quality of the products, and payment and delivery terms.

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 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 party suppliers. Upon delivery of the Products, the quality control department of the Company will also conduct checks to assess whether the Products are being 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 the Company's compliance with the requirements of the Listing Rules with respect to continuing connected transactions.

**Payment:**

Payments for the Purchases will be made on 60-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 2021 will not exceed:

- (i) HK\$28,000,000 for the financial year ending 30 June 2019;
- (ii) HK\$28,000,000 for the financial year ending 30 June 2020; and
- (iii) HK\$28,000,000 for the financial year ending 30 June 2021.

The annual cap amounts are determined with reference to the anticipated demand for the Products as the Group for the three financial years ending 30 June 2021. The proposed annual cap of HK\$28,000,000 for each of the three financial years ending 30 June 2021 represents a significant discount from the annual caps of the Existing Purchase Agreement. The decrease is due to (1) the progressive reduction in market demand of sweater products in the past few years, (2) a shift in purchase of garment products strategically from Laws Group to other overseas vendors and (3) the increase in our functional product offering which is supplied by other vendors.

Transactions contemplated under the Existing Purchase Agreement were disclosed in the announcement of the Company dated 5 May 2015 and the circular of the Company dated 1 June 2015 and were approved by the then independent Shareholders at the special general meeting of the Company held on 18 June 2015. The historical transaction amounts between Bossini Enterprises and Law International for the three financial years ended 30 June 2017 and the nine months ended 31 March 2018 were as follows:

	<b>For the year ended 30 June 2015 Amount <i>HK\$' million</i></b>	<b>For the year ended 30 June 2016 Amount <i>HK\$' million</i></b>	<b>For the year ended 30 June 2017 Amount <i>HK\$' million</i></b>	<b>For the nine months ended 31 March 2018 Amount <i>HK\$' million</i></b>
Annual Cap	504.0	217.5	261.0	313.0*
Actual purchases	137.2	101.1	16.7	6.4**

\* *Annual cap for the financial year ending 30 June 2018.*

\*\* *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 and its subsidiaries since April 2003. Laws International and its subsidiaries have been reliable suppliers 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 enable the Group to secure a reliable source for quality Products to the Group at prices and terms, considered as a whole, not less favourable than those offered by independent third party suppliers.

The Directors (including the independent non-executive Directors) 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 party suppliers) 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, the transactions under the Purchase Agreement 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 0.1% but less than 5%, the Purchases will be subject to the reporting, annual review and announcement requirements and exempt from the requirement of Independent Shareholders' approval 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.

At the Board meeting held to approve the Purchase Agreement, Ms. Tsin is considered to be interested in the Purchase Agreement and have abstained from voting for the resolution to approve the entering into of the Purchase Agreement.

## 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 Laws International on 5 May 2015 which sets out the terms for the purchase of the Products from Laws International for the three financial years ending 30 June 2018;
“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 67.23% 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 “ <b>bossini</b> ”;
“Purchase Agreement”	the purchase agreement entered into between Bossini Enterprises and Laws International on 15 May 2018;
“Purchases”	the transactions contemplated under the Purchase Agreement;
“Shareholders”	holders of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

Hong Kong, 15 May 2018

*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. CHEONG Shin Keong, Ms. LEUNG Mei Han and Prof. SIN Yat Ming.*